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BASE PROSPECTUS

POSTE ITALIANE S.p.A.

(*incorporated with limited liability in the Republic of Italy*)

€2,000,000,000

Euro Medium Term Note Programme

Under this €2,000,000,000 Euro Medium Term Note Programme (the **Programme**), Poste Italiane S.p.A. (the **Issuer**, **Poste Italiane** or the **Parent Company**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €2,000,000,000 (or its equivalent in other currencies) but may be increased from time to time.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Base Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves risks. See "*Risk Factors*".

This Base Prospectus has been approved as a base prospectus by the Commission de Surveillance du Secteur Financier (the **CSSF**), as competent authority under Regulation (EU) 2017/1129 (the **Prospectus Regulation**). The CSSF only approves this Base 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 Notes. Investors should make their own assessment as to the suitability of investing in the Notes.

The CSSF assumes no responsibility for the economic and financial soundness of the transactions contemplated by this Base Prospectus or the quality or solvency of the Issuer. Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme 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 Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. 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).

This Base Prospectus (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date (i.e. up to 6 November 2021) in relation to Notes which are to be admitted to trading on a regulated market in the European Economic Area (the **EEA**). For these purposes, reference(s) to the EEA include(s) the United Kingdom (the **UK**). The obligation to supplement this Base Prospectus in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Base Prospectus is no longer valid.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in a final terms document (the **Final Terms**) which, with respect to Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, will be filed with the CSSF. Copies of Final Terms in relation to Notes to be listed on the Official List of the Luxembourg Stock Exchange will also be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and www.posteitaliane.it / https://www.posteitaliane.it/en/debt-rating.html.

The Notes have not been and will not be registered under the U.S. 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 Notes 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.

The Issuer has been rated Baa3 by Moody's Investors Service Ltd. (**Moody's**) and BBB by S&P Global Ratings Europe Limited (**S&P**). The Programme has been rated Baa3 by Moody's, and BBB by S&P. Moody's, and S&P are established in the European Union or the United Kingdom and registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**) and, as such, are included in the list of credit ratings 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. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the rating assigned to the Programme by the relevant rating agency. A security 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.

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Amounts payable under the Floating Rate Notes will be calculated by reference to the London Interbank Offered Rate (**LIBOR**), the Euro Interbank Offered Rate (**EURIBOR**) or CMS Rate, as specified in the relevant Final Terms. As at the date of this Base Prospectus, the ICE Benchmark Administration (as administrator of LIBOR and CMS Rate) and the European Money Markets Institute (as administrator of EURIBOR) are included in the register of administrators maintained by ESMA under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).

JOINT ARRANGERS

Deutsche Bank | **IMI - Intesa Sanpaolo**

DEALERS

Barclays	**BNP PARIBAS**	**Citigroup**
Crédit Agricole CIB	**Credit Suisse**	**Deutsche Bank**
Goldman Sachs International	**HSBC**	**ING**
IMI - Intesa Sanpaolo	**J.P. Morgan**	**Mediobanca**
Morgan Stanley	**Natixis**	**NatWest Markets**
Nomura	**Santander Corporate & Investment Banking**	**Société Générale Corporate & Investment Banking**
UBS Investment Bank		**UniCredit Bank**

The date of this Base Prospectus is 6 November 2020.

IMPORTANT INFORMATION

This Base Prospectus comprises a base prospectus in respect of all Notes issued under the Programme for the purposes of Article 8 of the Prospectus Regulation.

This Base Prospectus is to be construed together with any documents incorporated in it by reference (see "*Documents Incorporated by Reference*") and should be read and construed on the basis that those documents are incorporated by reference in, and form part of, this Base 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 Base Prospectus refers does not form part of this Base Prospectus and has not been scrutinised or approved by the CSSF.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Issuer or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Issuer or any of the Dealers.

No representation or warranty is made or implied by the Dealers, the Principal Paying Agent or the Paying Agents, or any of their respective affiliates, and neither the Dealers, the Principal Paying Agent or the Paying Agents, nor any of their respective affiliates, makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained or incorporated by reference in this Base Prospectus or any other information provided by the Issuer in connection with the Programme or any act or omission of the Issuer or any other person in connection with the issue and offering of the Notes. Neither the delivery of this Base Prospectus or any Final Terms nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base 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 Base Prospectus has most recently been amended or supplemented or that any other information supplied in connection with the Programme 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.

Neither this Base Prospectus nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer or any of the Dealers that any recipient of this Base Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each recipient of this Base Prospectus or any Final Terms contemplating purchasing any Notes 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 Base Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or any of the Dealers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Base Prospectus nor the offering, sale or delivery of any Notes 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 Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Programme or to advise any investor in the Notes issued under the Programme of any information coming to their attention.

PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS

If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Notes 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 EEA or in the United Kingdom (the **UK**). 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 (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 Regulation (EU) 2017/1129 (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 Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

MIFID II PRODUCT GOVERNANCE/TARGET MARKET

The Final Terms in respect of any Notes will include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes may be a manufacturer in respect of such Notes, but otherwise neither the Joint Arrangers nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

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)

Unless otherwise stated in the Final Terms in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) 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).

IMPORTANT INFORMATION RELATING TO THE USE OF THIS BASE PROSPECTUS AND OFFERS OF NOTES GENERALLY

This Base Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Base Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer and the Dealers do not represent that this Base Prospectus may be lawfully distributed, or that any Notes 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 assume any responsibility for facilitating any such distribution or offering. In particular no action has been taken by the Issuer or the Dealers which is intended to permit a public offering of any Notes or distribution of this Base Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Base 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 Base Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Base Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Base Prospectus and the offer or sale of Notes in the United States, the EEA (including, for these purposes, the United Kingdom, France, the Republic of Italy and Belgium), Singapore, Switzerland and Japan, see "*Subscription and Sale*".

Any offer of Notes in any Member State of the EEA and the United Kingdom must be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes may only do so in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation, in each case, in relation to such offer. Neither the Issuer nor any Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Base Prospectus relating to the Issuer has been derived from the audited consolidated financial statements of the Issuer for the financial years ended 31 December 2019 and 2018 and the unaudited consolidated financial statements of the Issuer as of 30 June 2020.

The Issuer's financial year ends on 31 December, and references in this Base 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 Base Prospectus will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Base Prospectus. In addition, the following terms as used in this Base Prospectus have the meanings defined below:

In this Base Prospectus, all references to:

- **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 Base 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.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor 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 Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Base 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 Notes and the impact the Notes 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 Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(d) understands thoroughly the terms of the Notes 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.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to 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) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any loss or profit sustained as a consequence of any such over-allotment or stabilisation action shall, as against the Issuer, be for the account of the Stabilising Manager(s).

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Base Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

*This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) No 2019/980 (the **Delegated Regulation**).*

Words and expressions defined in "Form of the Notes" and "Terms and Conditions of the Notes" have the same meanings in this Overview.

Issuer:	Poste Italiane S.p.A.
Issuer Legal Entity Identifier (**LEI**):	815600354DEDBD0BA991
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Description:	Euro Medium Term Note Programme
Joint Arrangers:	Deutsche Bank Aktiengesellschaft and Intesa Sanpaolo S.p.A.
Dealers:	Banco Santander, S.A. Barclays Bank Ireland PLC Barclays Bank PLC BNP Paribas Citigroup Global Markets Europe AG Citigroup Global Markets Limited Crédit Agricole Corporate and Investment Bank Credit Suisse Securities (Europe) Limited Deutsche Bank Aktiengesellschaft Goldman Sachs International HSBC France ING Bank N.V. Intesa Sanpaolo S.p.A. J.P. Morgan Securities plc Mediobanca – Banca di Credito Finanziario S.p.A. Morgan Stanley & Co. International plc Natixis NatWest Markets N.V. NatWest Markets Plc Nomura International plc Société Générale UBS Europe SE UniCredit Bank AG and any other Dealers appointed in accordance with the Programme Agreement.

Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*"). Notes having a maturity of less than one year will, if the proceeds of the issue are accepted in the United Kingdom, constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the Financial Services and Markets Act 2000 (**FSMA**) unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".
Issuing and Principal Paying Agent:	Deutsche Bank AG, London Branch
Programme Size:	Up to Euro 2,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, Notes may be denominated in any currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes are issued on a fully-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	The Notes will be issued in bearer form as described in "*Form of the Notes*".
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or

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(b) on the basis of a reference rate appearing on the agreed screen page of a commercial quotation service; or

(c) on such other basis as may be agreed between the Issuer and the relevant Dealer.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Redemption:	The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than for taxation reasons pursuant to Condition 6.2 (*Redemption for tax reasons*)) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer. Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "*Overview of the Programme*" above.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see "*Overview of the Programme*" above, and save that the minimum denomination of each Note will be Euro 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amounts in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction as provided in Condition 7 (*Taxation*). In the event that any such deduction is made, the Issuer will, subject to certain exceptions set out in Condition 7 (*Taxation*), be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 3 (*Covenants*).

Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 9 (Events *of Default*).
Status of the Notes:	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 3 (*Covenants*)) unsecured obligations of the Issuer (*obbligazioni*) which will at all times rank *pari passu* among themselves and (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application) at least *pari passu* with all other outstanding present and future unsecured and unsubordinated obligations of the Issuer, from time to time outstanding.
Rating:	The Programme has been rated Baa3 by Moody's and BBB 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 ratings agencies published by the European Securities and Markets Authority in accordance with the CRA Regulation on its website at the following address: *http://www.esma.europa.eu/page/List-registered-and-certified-CRAs* Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the Final Terms and will not necessarily be the same as the ratings assigned to the Programme. A security 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.
Listing, Approval and Admission to Trading:	Application has been made to the CSSF to approve this document as a base prospectus. Application has also been made to the Luxembourg Stock Exchange for Notes issued under the Programme 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. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges, markets or quotation systems agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Final Terms will state whether or not the relevant Notes are to be listed and/or admitted to trading and, if so, on which stock exchanges, quotation systems and/or markets.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law, save for Condition 15 (*Meetings of Noteholders and Modification*) which is subject to compliance with the laws of the Republic of Italy.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the United Kingdom, France, the Republic of Italy, Belgium, Singapore, Switzerland and Japan, and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or D or TEFRA not applicable, as specified in the applicable Final Terms.

RISK FACTORS

In purchasing the Notes, investors assume the risk that the Issuer may become insolvent or otherwise be unable to make all payments due in respect of the Notes. Most 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. The Issuer has identified below a number of factors which could materially adversely affect its business and ability to make payments due under the Notes. In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the matters described below represent the principal risks inherent in investing in Notes issued under the Programme but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes 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. In addition, the order in which the risk factors are presented below is not intended to be indicative of the relative likelihood that each risk will materialise or of the magnitude of its potential impact on the business, financial condition or results of operations of the Issuer.

Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus 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 Notes for their claims under the Notes, 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 Noteholders. Consequently, the Issuer will meet its payment obligations under the Notes 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 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 Noteholders.

See "*Description of the Issuer –Creation of BancoPosta ring-fenced capital*" and "*Key events during the period*".

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 Notes 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, the first half of 2020 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 with the Pandemic Emergency Purchase Program (**PEPP**), it has brought the plan for the purchase of euro area government securities to a total of €1,350 billion, operating with greater flexibility than the usual criteria for allocation among domestic securities.

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. The Support to mitigate Unemployment Risks in an Emergency (Sure), implemented by the European Commission, finances the European Integration Fund for €100 billion. The European Investment Bank (**EIB**) has set up a guarantee fund of €25 billion for bank loans to businesses. On 21 July 2020, an agreement was reached for the Recovery fund/Next Generation EU, which will provide Member States with €750 billion in grants (€390 billion) and loans (€360 billion), financed through the issue of securities.

The Eurosystem baseline scenario published in June 2020 indicates that real GDP in the Euro area will decrease by 8.7% in 2020 and return to growth of 5.2% in 2021 and 3.3% in 2022. The Bank of Italy estimates a fall in Italian GDP of about 10% in 2020 (*source*: European Central Bank and Bank of Italy). 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 *Description of the Issuer - Summary Financial Results - First Half 2020).*

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*". 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).*

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

Law No. 190 of 23 December 2014 (the **2015 Budget Law**) involved a major review of the regulatory framework applicable to the provision of the Universal Postal Service, with respect to the scope of services included in the Universal Postal Service, the quality of the services provided and the applicable prices. Following this reform, on 25 June 2015, the Italian communications authority (*Autorità per le Garanzie nelle Comunicazioni*, **AGCom**), with resolution No. 395/15/CONS, authorised the Issuer, among other things, to gradually implement a new mail delivery model for up to 25% of the Italian population living in less densely populated areas. This new model is an innovative mail and parcel delivery model (called Joint Delivery Model), based on population and volume density.

AGCom retained the power to stop the implementation of the new delivery model or condition the implementation on the introduction of corrective measures in case of service disruption, failure to achieve planned cost savings or serious concerns raised by the European Commission. With Resolution 395/15/CONS, AGCom authorised the gradual implementation, in three phases, of an alternate day delivery model for mail within the scope of the universal service. The implementation of new delivery model, initially scheduled for the beginning of 2018, was extended and completed in early 2019.

In addition, 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. The AGCom has also determined that the net cost of providing the universal service for 2013 and 2014 is unfair and that the compensation fund[1] 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 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. 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.

On 7 June 2019, with Resolution 215/19, AGCom has also initiated the procedure for the evaluation of the net cost for the years 2017 and 2018, which, on 8 July 2020, was further extended to the year 2019. The procedure is currently pending.

There is a risk that the methodology applied by AGCom 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*"). This could, over time, have a negative effect on the Issuer's margins and financial results.

[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

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 amount of compensation amounts to Euro 57,531 million for 2017, Euro 59,324 million for 2018, Euro 54,889 million for 2019, Euro 53,122 million for 2020, Euro 53,239 million for 2021, Euro 52,510 million for 2022. The compensation amounts accrued by Poste Italiane were approximately equal to Euro 42 million in 2017 (due to limited volumes effectively registered in the same year), Euro 62 million in 2018 (thanks to an increase in the tariffs set by AGCom) and Euro 59 million in 2019. 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 AGCom is currently carrying out the sub-proceedings to determine the definition of this mechanism. Poste Italiane shall comply with the relevant mechanism in offering the business mail products. There is a risk that final resolution by AGCom may hamper the commercial flexibility of the Issuer in the context of public and private tenders.

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.

Finally, in relation to Law 124/2017 which removed the exclusive right of Poste Italiane to offer services relating to legal process and notification of violations 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 postal services relating to legal process and the notification of violations of the Highway Code (*Codice della Strada*), 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 2019, the ratio between the Group consolidated cost of personnel (Euro 5,896 million) and total costs (Euro 9,264 million) was around 64%. For the first half of 2020 the ratio between the Group consolidated cost of personnel (Euro 2,633 million) and total costs (Euro 4,317 million) was around 61%.

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 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 132.7 billion (in total nominal value) as at 30 June 2020 (Euro 126.8 billion as at 31 December 2019). 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 Base 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 "*Credit ratings assigned to the Issuer or any Notes may not reflect all risks*" 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 30 June 2020, Poste Italiane Group's amounts outstanding due from central and local authorities amounted to Euro 768 million (Euro 693 million as at 31 December 2019), 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 2019, the Mail, Parcel and Distribution Strategic Business Unit had acquired net investment revenues (from other business sectors) of Euro 4,723 million. Such revenues, almost entirely attributable to the Issuer, were derived mainly from BancoPosta RFC for the utilisation of the Issuer's distribution channel (for further details see *Description of the Issuer – Mail, Parcels and Distribution – Revenues in the Mail, Parcels and Distribution segment from other business areas*). In addition, in 2019 the Issuer received Euro 348 million of dividends from its subsidiaries (of which Euro 285 million from Poste Vita) and Euro 597 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, mobile and digital, (iii) financial services and (iv) insurance services, as described in "*Strategy and Business Plan*". 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 2019 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

On 14 December 2017, Poste Italiane entered into a new agreement for the three-year period 2018-2020 with Cassa depositi e prestiti for the placement by Poste Italiane of postal savings bonds and postal saving passbooks (*buoni fruttiferi postali e libretti postali*) on behalf of CDP. The value of the agreement over the related term is expected to range from Euro 4.65 to Euro 5.55 billion. Such agreement sets a new mixed remuneration mechanism:

- for postal savings passbooks (*libretti postali*), a 0.52% commission on the average stock shall continue to be guaranteed;

- for postal savings bonds (*buoni fruttiferi postali*), a running fee of 0.52% is granted for postal saving bonds with a maturity of 20 years (i.e. ordinary postal bonds) and postal saving bonds for minors (i.e. customers under eighteen years of age). With respect to shorter-term bonds, an upfront fee of 1.45% for bonds with a maturity below or equal to 3 years has been introduced, as well as an upfront fee of 1.95% for bonds with a maturity above 3 years. In both cases such fees shall apply to the total collected nominal amount; and

- a floor of Euro 1.55 billion and a cap of Euro 1.85 billion have been introduced with respect to the total compensation.

Thanks to the new efforts put in place with the Deliver 2022 strategic plan, Postal Savings have performed well in 2019. The Issuer is confident that the positive results of its strategy, with the aim of gradually improving Postal Savings inflows, will give the Issuer a good negotiating position when discussing with CDP the terms of the new Agreement from 2021 onwards.

Specific budgets are allocated for initiatives concerning the promotion of postal savings products and the development of new technological solutions related to the selling of postal saving passbooks and postal saving bonds.

In light of the above, if the plan is not sufficient to meet the minimum savings thresholds provided under the agreement with CDP, the latter may request a good faith renegotiation of such agreement. A renegotiation of

the agreement could result in the terms and conditions of the renegotiated agreement being less favourable to the Issuer, which could lead to a decline in the Group's revenues and have a material adverse effect on the Group's business, results of operations and financial condition.

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 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 will negotiate its future relationship with the EU. During such implementation period – which is due to operate until 31 December 2020 – EU law shall continue to apply in the UK. 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 Notes 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 2019, the Insurance Services Strategic Business Unit reached operating profit of Euro 1,006 million equal to approximately 57% of the Group operating profit of Euro 1,774 million (for further details see *Description of the Issuer – Business of the Group*).

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 2019, life business technical provisions amount to Euro 140.1 billion (Euro 141.9 billion as at 30 June 2020).

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 2019, Poste Assicura's non-life business technical provisions amount to Euro 0.2 billion (Euro 0.2 billion as at 30 June 2020).

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*)– aimed at, among other things, preserving capital stability and solidity. The Solvency Ratio of Poste Vita Group as at 30 June 2020 stands at 216%, as compared to 276% as at 31 December 2019. After the application of transitional measures on technical provisions, following the approval by the supervisory authority in August 2019, the Solvency Ratio stands at 250*%* as at 30 June 2020, as compared to 312%as at 31 December 2019. For further details see *Description of the Issuer – Insurance Services*.

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.

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. The Issuer is in the process of lodging an appeal against such decision (procedure no. PS11563) (for further details see *Description of the Issuer - Proceedings pending and relations with the authorities – Italian Competition Authority)*.

Furthermore in 2020, the National Competition Authority 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 due to be concluded by June 2021 (for further details see *Description of the Issuer - Proceedings pending and relations with the authorities – Italian Competition Authority*).

The imposition of sanctions 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 "*Litigation*".

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of those features.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes 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 Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In addition, with respect to Condition 6.3(A) (*Redemption at the option of the Issuer (Clean-Up Call*)), there is no obligation under the Condition for the Issuer to inform investors if and when 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes remains outstanding, and the Issuer's right to redeem will exist notwithstanding that immediately prior to the serving of a notice in respect of the exercise of the Clean-Up Call, the Notes may have been trading significantly above their Clean-Up Call Redemption Amount (as specified in the applicable Final Terms), thus potentially resulting in a loss of capital invested.

Redemption for tax reasons

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of Italy or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions. In such circumstances an investor may not be able to reinvest the redemption proceeds in comparable securities offering a yield as high as that of the relevant Notes.

Fixed Rate Notes

A holder of Fixed Rate Notes is exposed to the risk that the price of those Notes falls as a result of changes in the current interest rate on the capital markets (the **Market Interest Rate**). While the nominal interest rate of Fixed Rate Notes is fixed during the life of such Notes or during a certain period of time, the Market Interest Rate typically changes on a daily basis. As the Market Interest Rate changes, the price of such Notes moves in the opposite direction. If the Market Interest Rate increases, the price of such Notes typically falls, until the yield of such Notes is approximately equal to the Market Interest Rate. Conversely, if the Market Interest Rate falls, the price of Fixed Rate Notes typically increases, until its yield is approximately equal to the Market Interest Rate. Investors should be aware that movements of the Market Interest Rate could adversely affect the market price of the Notes.

Floating Rate Notes

Notes with variable interest are subject to fluctuations in interest rate levels and can be volatile investments. In particular, there is no assurance that the amount of interest payable on such Notes will remain at any particular level (unless it is subject to a floor) and, where the reference rate used to calculate interest turns negative, the interest rate will be below the margin, if any, or may be zero. Accordingly, where the rate of interest is equal to zero, holders of such Notes may not be entitled to interest payments for certain or all interest periods. Furthermore, if those Notes are structured to include caps or floors, or a combination of both or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

CMS Linked Interest Notes

The Issuer may issue Notes with interest determined by reference to a constant maturity swap rate (defined as the "CMS Rate" in "*Terms and Conditions of the Notes*"). Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) the CMS Rate may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(iv) If they are structured to include caps or floors, or a combination of both or other similar related features, the effect of changes in the CMS Rate on interest payable is likely to be magnified; and

(v) the timing of changes in the CMS Rate may affect the actual yield to investors, even if the average level is consistent with their expectations.

Fixed-to-floating or floating-to-fixed rate Notes

Notes may bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis may affect the secondary market and the market value of such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates for fixed rate notes.

The regulation and reform of "benchmarks" may adversely affect the value of Floating Rate Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks", (including LIBOR and EURIBOR) are the subject of recent 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 any Notes referencing such a benchmark, such as Floating Rate Notes.

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 (which, for these purposes, includes the United Kingdom). 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 any Notes linked to a rate or index deemed to be a benchmark, including any Floating Rate Notes linked to or referencing LIBOR and/or EURIBOR, in particular, if the methodology or other terms of the 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 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 any Notes linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

As an example of such benchmark reforms, the UK Financial Conduct Authority (**FCA**) has indicated through a series of announcements that the continuation of LIBOR on the current basis is not guaranteed after 2021. Separately, the euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. It is not possible to predict whether, and to what extent, LIBOR and EURIBOR (together, the **IBORs**) will continue to be supported going forwards. This may cause the IBORs to perform differently than they have in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if an IBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference such IBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the relevant IBOR rate is to be determined under the "*Terms and Conditions of the Notes*", this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the relevant IBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when the relevant IBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference the relevant IBOR.

The "*Terms and Conditions of the Notes*" provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a Successor Rate or an Alternative Rate determined by an Independent Adviser in consultation with the Issuer and that 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 benchmark. In certain circumstances the ultimate fallback of interest for a particular Interest Period may result in the rate of interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant 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 Notes*" and the Agency Agreement are necessary to ensure the proper operation of any Successor Rate or Alternative Rate and/or Adjustment Spread or to comply with any applicable regulation or guidelines on the use of benchmarks or other related document issued by the competent regulatory authority, then such amendments shall be made without any requirement for the consent or approval of Noteholders, as provided by Condition 4.3(d) (*Benchmark Amendments*).

Any such consequences could have an adverse effect on the value of and return on any such Notes. 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 Floating Rate Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, the Floating Rate Notes. Investors should consider these matters with their own independent advisers when making their investment decision with respect to any Floating Rate Notes linked to or referencing a benchmark.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

Minimum denominations of Notes

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (such as Euro 100,000) (the **Minimum Denomination**) plus one or more higher integral multiples of another smaller amount (such as Euro 1,000), it is possible that such Notes 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 Notes 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 Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the Minimum Denomination.

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

Potential conflicts of interest with the Calculation Agent or any Financial Adviser

Any Calculation Agent appointed under the Programme (whether the Principal Paying Agent, any Paying Agent or otherwise) is the agent of the Issuer and not the agent of the Noteholders. Potential conflicts of interest may exist between the Calculation Agent (if any) and Noteholders (including where a Dealer acts as a Calculation Agent), including with respect to certain determinations and judgments that such Calculation Agent may make pursuant to the Conditions that may influence amounts receivable by the Noteholders during the term of the Notes and upon their redemption.

In particular, the Issuer may appoint a Dealer as Calculation Agent in respect of an issuance of Notes under the Programme. In such a case the Calculation Agent is likely to be a member of an international financial group that is involved, in the ordinary course of its business, in a wide range of banking activities out of which conflicting interests may arise. Whilst such a Calculation Agent will, where relevant, have information barriers and procedures in place to manage conflicts of interest, it may in its other banking activities from time to time be engaged in transactions involving an index or related derivatives which may affect amounts receivable by Noteholders during the term and on the maturity of the Notes or the market price, liquidity or value of the Notes and which could be deemed to be adverse to the interests of the Noteholders.

Furthermore, a Dealer may be appointed by the Issuer to act as Financial Adviser in relation to any Series of Notes, pursuant to Conditions 4.2(b) and/or 6.3. As a result, a potential conflict of interest could arise should such Dealer also agree to subscribe the relevant Notes.

Risks related to Notes generally

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

Reliance on Euroclear and Clearstream, Luxembourg.

Notes issued under the Programme may be represented by one or more Global Notes. Such Global Notes will be deposited with a common depository or safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the relevant Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes and, while the Notes are represented by one or more Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

While the Notes are represented by one or more Global Notes, the Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common depository or common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder

of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

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

Decisions at Noteholders' meetings bind all Noteholders.

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

Changes in English law or administrative practice.

The conditions of the Notes are based on English law in effect as at the date of this Base Prospectus, although certain provisions relating to the Notes are subject to compliance with certain mandatory provisions of Italian law, such as those applicable to Noteholders' meetings and to the appointment and role of the Noteholders' representative (*rappresentante comune*). 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 Base Prospectus and any such change could have a materially adverse impact on the value of any Notes affected by it.

In respect of any Notes issued with a specific use of proceeds, such as a 'Green Bond', 'Social Bond' or 'Sustainability Bond', there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

The form of Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply the proceeds from an offer of those Notes specifically for projects and activities that promote climate-friendly and other environmental purposes (**Green Projects**), any social project (**Social Projects**) or sustainability projects (**Sustainability Projects**) in accordance with the relevant principles set out by the International Capital Markets Association (**ICMA**). Prospective investors should have regard to the information in the form of Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Green Projects, Social Projects or Sustainability Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates (in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, the relevant Green Projects, Social Projects or Sustainability Projects). Furthermore, it should be noted that there is currently no clearly defined definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes, a "green", "sustainability", "social" or an equivalently-labelled project or as to what precise attributes are required for a particular project to be defined as "green", "sustainability", "social" or such other equivalent label nor can any assurance be given that such a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects, Social Projects or Sustainability Projects will meet any or all investor expectations regarding such "green", "sustainability", "social" or other equivalently-labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects, Social Projects or Sustainability Projects. As at the date of this Base Prospectus, the Issuer has

not published a framework relating to an investment in Green Projects, Social Projects or Sustainability Projects although the Issuer intends to publish such framework prior to the issuance of any Notes which specify that the relevant proceeds will be used for Green Projects, Social Projects or Sustainability Projects.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may or may not be released in connection with the issue of any Notes and in particular with any Green Projects, Social Projects or Sustainability Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such third party opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Base Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer, the Dealers or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion or certification was initially issued and may not reflect the potential impact of all risk factors that may affect the value of the Notes or the projects financed or refinanced. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated "green", "environmental", "sustainability", "social" or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects, Social Projects or Sustainability Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects, Social Projects or Sustainability Projects in, or substantially in, the manner described in the form of Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Projects, Social Projects or Sustainability Projects will be capable of being implemented in or substantially in such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally disbursed for the specified Green Projects or Social Projects. Nor can there be any assurance that such Green Projects, Social Projects or Sustainability Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment or social or sustainability projects) as originally expected or anticipated by the Issuer.

Any such event or failure by the Issuer will not constitute an Event of Default under the Notes. Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects, Social Projects or Sustainability Projects as aforesaid and/or withdrawal of any such opinion or certification or any third party opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance Green Projects, Social Projects or Sustainability Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.
No Dealer makes any representation as to the suitability of the Green, Sustainability or Social Projects to fulfil environmental and sustainability criteria. The Dealers have not undertaken, nor are responsible for, any assessment of the eligibility criteria, any verification of whether the Green, Sustainability or Social Bonds meet the eligibility criteria, or the monitoring of the use of proceeds. Investors should refer to the Issuer's framework once available on its website for information and should determine for themselves the relevance of

the information contained in this Base Prospectus regarding the use of proceeds and their investment should be based upon such investigation as they deem necessary.

Risks related to the market generally

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

An active secondary market in respect of the Notes may never be established or may be illiquid

Notes may have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. In addition, liquidity may be limited if the Issuer makes large allocations to a limited number of investors.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes in the Specified Currency. 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 the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

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 (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk based capital or similar rules.

Credit ratings assigned to the Issuer or any Notes may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the Issuer or the Notes. In this respect , investors should be aware that:

- such rating will reflect only the views of the rating agency and may not reflect the potential impact of all risks related to structure, market, additional factors discussed elsewhere in this Base Prospectus and other factors that may affect the value of the Notes;

- a rating is not a recommendation to buy, sell or hold securities and may be subject to review, revision, suspension, reduction or withdrawal at any time by the assigning rating agency; and

- notwithstanding the above, an adverse change in a credit rating could adversely affect the trading price for the Notes.

In general, European (including United Kingdom) regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU or the United Kingdom and registered under the CRA Regulation or by non-EU and non-UK credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered or UK-registered credit rating agency or the relevant non-EU and non-UK rating agency is certified in accordance with the CRA Regulation (and such registration, endorsement 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 Notes changes, European (including United Kingdom) regulated investors may no longer be able to use the rating for regulatory purposes and the Notes may have a different regulatory treatment. This may result in European (including United Kingdom) regulated investors selling the Notes which may impact the value of the Notes 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 ESMA list.

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Base Prospectus and the final terms document for each Tranche of Notes issued under the Programme (the **Final Terms**). To the best of the knowledge and belief of the Issuer the information contained in this Base Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, having previously been published, are incorporated by reference in, and form part of, this Base 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/debt-rating.html*, including the following pages:

Report on Operations	Pages 4 to 286
Introduction	Page 290
Basis of preparation and significant accounting policies	Pages 291 to 312
Changes to the accounting policies	Pages 313 to 321
Material events in the year	Pages 322 to 327
Group consolidated statement of financial position	Pages 328 to 329
Group consolidated statement of profit or loss	Page 330
Group consolidated statement of comprehensive income	Page 331
Group consolidated statement of changes in equity	Page 332
Group consolidated statement of cash flows	Page 333
Notes to the financial statements	Pages 334 to 367
Risk management	Pages 474 to 512
Determination of fair value	Pages 513 to 515
Fair value hierachy	Pages 516 to 517
Hedging transactions	Pages 518 to 522
Proceedings pending and principal relations with the authorities	Pages 523 to 527
Material non-recurring events and/or transactions	Page 528
Exceptional and/or unusual transactions	Page 528
Events after the end of the reporting period	Page 528
Additional information	Pages 529 to 551
Independent Auditors' Report	Pages 744 to 751

(b) the auditors' report and audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2018 available at *www.posteitaliane.it* / *https://www.posteitaliane.it/en/debt-rating.html*, including the following pages:

Report on Operations	Pages 3 to 219

Introduction	Page 224
Basis of preparation and significant accounting policies	Pages 225 to 251
Changes to the accounting policies	Pages 252 to 275
Material events in the year	Pages 276 to 279
Group consolidated statement of financial position	Pages 282 to 283
Group consolidated statement of profit or loss	Page 284
Group consolidated statement of comprehensive income	Page 285
Group consolidated statement of changes in equity	Page 286
Group consolidated statement of cash flows	Pages 287 to 288
Notes to the financial statements	Pages 289 to 351
Risk management	Pages 434 to 470
Hedging transactions	Pages 471 to 475
Proceedings pending and principal relations with the authorities	Pages 476 to 482
Material non-recurring events and/or transactions	Page 483
Exceptional and/or unusual transactions	Page 483
Events after the end of the reporting period	Pages 483
Additional information	Pages 484 to 504
Independent Auditors' Report	Pages 690 to 698

(c) the Issuer's unaudited interim report for the six months ended 30 June 2020 available at *www.posteitaliane.it* / *https://www.posteitaliane.it/en/debt-rating.html*, including the following pages:

Introduction	Page 8
Ownership and Organisational Structure	Pages 9 to 22
Macroeconomic Environment	Pages 23 to 25
Financial Review	Pages 36 to 85
Outlook	Page 87 to 88
Other Information	Pages 89 to 92
Consolidated financial statements at and for the six months ended 30 June 2020	Pages 108 to 229
Consolidated statement of financial position	Page 128

Consolidated statement of profit or loss	.....	Page 130
Consolidated statement of comprehensive income	.....	Page 131
Consolidated statement of changes in equity	.....	Page 132
Condensed Consolidated statement of cash flows	.....	Page 133
Appendix: Alternative Performance Indicators	.....	Pages 101 to 102

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 Delegated Regulation.

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

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the CSSF in accordance with Article 23 of the Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base 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 (*www.posteitaliane.it*) as indicated above / *https://www.posteitaliane.it/en/debt-rating.html*.

The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note** and, together with a Temporary Global Note, each a **Global Note**) which, in either case, will:

(a) if the Global Notes are intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the **Common Safekeeper**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg** and, together with Euroclear, the **ICSDs**); and

(b) if the Global Notes are not intended to be issued in NGN Form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that Euroclear and/or Clearstream, Luxembourg has received certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either (a) for interests in a Permanent Global Note of the same Series or (b) for definitive Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Final Terms, in each case against certification of beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, receipts, interest coupons and talons attached upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 9 (*Events of Default*)) has occurred and is continuing, or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available.

The Issuer will promptly give notice to Noteholders in accordance with Condition 14 (*Notices*) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) may give notice to the Principal Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Notes (other than Temporary Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Final Terms:

"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 provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Notes, receipts or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a temporary common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

A Note may be accelerated by the holder thereof in certain circumstances described in Condition 9 (*Events of Default*). In such circumstances, where any Note is still represented by a Global Note and the Global Note (or any part thereof) has become due and repayable in accordance with the Terms and Conditions of such Notes and payment in full of the amount due has not been made in accordance with the provisions of the Global Note then, from 8.00 p.m. (London time) on such day, holders of interests in such Global Note credited to their accounts with Euroclear and/or Clearstream, Luxembourg, as the case may be, will become entitled to proceed directly against the Issuer on the basis of statements of account provided by Euroclear and/or Clearstream, Luxembourg on and subject to the terms of a deed of covenant (the **Deed of Covenant**) dated 18 July 2019 and executed by the Issuer.

[PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes 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 (*EEA*) or in the United Kingdom (the UK). 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 (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 Regulation (EU) 2017/1129 (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 Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.]

FORM OF FINAL TERMS

Set out below is the form of Final Terms which will be completed for each Tranche of Notes issued under the Programme.

MIFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, **MiFID II**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a distributor) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/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 (the SFA)** - [*To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or 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)*]".][2]]

[*Date*]

POSTE ITALIANE S.p.A.

Legal entity identifier: 815600354DEDBD0BA991

Issue of [*Aggregate Nominal Amount of Tranche*] [*Title of Notes*]
under the €2,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Base Prospectus dated 6 November 2020 [and the supplement[s] to it dated [*date*] [and [*date*]] which [together] constitute[s] a base prospectus (the **Base Prospectus**) for the purposes of Regulation (EU) 2017/1129 (the **Prospectus Regulation**). This document constitutes the Final Terms of the Notes described herein for the purposes of the Prospectus Regulation and must be read in conjunction with the Base Prospectus in order to obtain all the relevant information. The Base Prospectus and, in the case of Notes admitted to trading on the

2 Legend to be included on front of the Final Terms if the Issuer needs to re-classify the Notes as "capital markets products other than prescribed capital markets products" and "Specified Investment Products" pursuant to Section 309B of the SFA and the Notes are to be offered in Singapore. Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA

regulated market of the Luxembourg Stock Exchange, the Final Terms are available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu) and www.posteitaliane.it / https://www.posteitaliane.it/en/debt-rating.html.]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Final Terms.*]

[*If the Notes have a maturity of less than one year from the date of their issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.*]

1.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	[The Notes will be consolidated and form a single Series with [*provide issue amount/ISIN/maturity date/issue date of earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below, which is expected to occur on or about [*date*]] [Not Applicable]
2.	Specified Currency or Currencies:		[ ]
3.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
4.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if applicable*)]
5.	(a)	Specified Denominations:	[ ] (*N.B. Notes must have a minimum denomination of Euro 100,000 (or equivalent)*) (*Note – where multiple denominations above Euro 100,000 or equivalent are being used the following sample wording should be followed:* "[Euro 100,000] and integral multiples of [Euro 1,000] in excess thereof up to and including [Euro 199,000]. No Notes in definitive form will be issued with a denomination above [Euro 199,000].")
	(b)	Calculation Amount (in relation to calculation of interest in global form see Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note:*

			There must be a common factor in the case of two or more Specified Denominations.)
6.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes*.)
7.		Maturity Date:	[*Specify date or for Floating rate notes* - Interest Payment Date falling in or nearest to [*specify month and year*]]
8.		Interest Basis:	[[ ] per cent. Fixed Rate] [[ ] [LIBOR/EURIBOR] +/- [ ] per cent. Floating Rate] [Floating Rate: CMS Linked Interest] [Zero Coupon] (further particulars specified below)
9.		Change of Interest Basis:	[*Specify the date when any fixed to floating rate change occurs or cross-refer to paragraphs 12 and 13 below and identify there*] [Not Applicable]
10.		Put/Call Options:	[Investor Put] [Issuer Call] [Clean-up Call] [Not Applicable] [(further particulars specified below)]
11.		[Date [Board] approval for issuance of Notes obtained:	[ ] [and [ ], respectively]] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

12.		Fixed Rate Note Provisions	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date (*Amend appropriately in the case of irregular coupons*)
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]] [Not Applicable]

		to Notes in global form see Conditions):	
	(e)	Day Count Fraction:	[30/360] [Actual/Actual (ICMA)]
	(f)	[Determination Date(s):	[[ ] in each year] [Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon)*
13.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ] [, subject to adjustment in accordance with the Business Day Convention set out in (b) below/not subject to any adjustment as the Business Day Convention in (b) below is specified to be Not Applicable.]
	(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/ Not Applicable]
	(c)	Additional Business Centre(s):	[ ]
	(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination]
	(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ] (the **Calculation Agent**)
	(f)	Screen Rate Determination:	
		• Reference Rate and Relevant Financial Centre:	Reference Rate: [[ ] month [LIBOR/EURIBOR/[ ]]/[CMS Reference Rate]. Relevant Financial Centre: [London/Brussels/*specify other Relevant Financial Centre*] Reference Banks: [ ] Reference Currency: [ ] (*only relevant for CMS Reference Rate*) Designated Maturity: [ ] (*only relevant for CMS Reference Rate*) Specified Time: [ ] in the Relevant Financial Centre
		• Interest Determination Date(s):	[ ]

(in the case of LIBOR (other than Sterling or euro LIBOR)): [Second London business day prior to the start of each Interest Period]

(in the case of Sterling LIBOR): [first day of each Interest Period]

(in the case of euro LIBOR or EURIBOR): [the second day on which the TARGET2 System is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is euro):[Second day on which the TARGET2 System is open prior to the start of each Interest Period]

(in the case of a CMS Rate where the Reference Currency is other than euro):[Second [*specify type of day*] prior to the start of each Interest Period]

- Relevant Screen Page: [ ]
(*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)

(*In the case of CMS Linked Interest Note, specify relevant screen page and any applicable headings and captions*)

(g) ISDA Determination:

- Floating Rate Option: [ ]
- Designated Maturity: [ ]
- Reset Date: [ ]
(*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*)

(*N.B. The fall-back provisions applicable to ISDA Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time*)

(h) Margin(s): [+/-] [ ] per cent. per annum

(i) Minimum Rate of Interest: [ ] per cent. per annum

(j) Maximum Rate of Interest: [ ] per cent. per annum

(k) Day Count Fraction: [Actual/Actual (ISDA)][Actual/Actual]
[Actual/365 (Fixed)]
[Actual/365 (Sterling)]
[Actual/360]
[30/360][360/360][Bond Basis]
[30E/360][Eurobond Basis]

			30E/360 (ISDA)]
14.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

PROVISIONS RELATING TO REDEMPTION

15.	Notice periods for Condition 6.2 (*Redemption for tax reasons*):		Minimum period: [ ] days Maximum period: [ ] days
16.	Issuer Call:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount]/[Make-whole Amount] (*if Make-Whole Amount is selected, include the following items of this sub-paragraph)*
		• Reference Bond:	[*Insert applicable Reference Bond*/FA Selected Bond]
		• Quotation Time:	[11.00 a.m. [London/*specify other*] time]
		• Redemption Margin:	[[ ] per cent/Not Applicable]
	(c)	If redeemable in part:	[Applicable/Not Applicable/[*provide details*]]
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
	(d)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems (which require a minimum of 5 business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent*)

17.	Clean-Up Call:		[Applicable/Not Applicable]
	(a)	Clean-Up Call Redemption Amount:	[ ] per Calculation Amount
18.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
	(c)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems(which require a minimum of 15 business days' notice for a put) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Principal Paying Agent*)
19.	Final Redemption Amount:		[ ] per Calculation Amount [(*N.B. Final Redemption Amount will be at least 100 per cent. of the nominal amount of the Notes*) / (*N.B. If the Final Redemption Amount is 100 per cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is higher than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*).]
20.	Early Redemption Amount payable on redemption for taxation reasons or on event of default:		[ ] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

21.	Form of Notes:		
	(a)	Form:	[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes upon an Exchange Event]] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes upon an Exchange Event]

		(*Ensure that this is consistent with the wording in the "Form of the Notes" section in the Base Prospectus and the Notes themselves. N.B. The option for an issue of Notes to be represented on issue by a Temporary Global Note exchangeable for Definitive Notes upon notice/at any time options should not be expressed to be applicable if the Specified Denomination of the Notes in paragraph 5 includes language substantially to the following effect: "*[*Euro 100,000*] *and integral multiples of* [*Euro 1,000*] *in excess thereof up to and including* [*Euro 199,000*].")
	(b) New Global Note:	[Yes][No]
22.	Additional Financial Centre(s):	[Not Applicable/*insert relevant financial centre*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraph 13(c) relates.*)
23.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made. In such event, 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 the Paying Agent in exchange for a further Coupon sheet. Each Talon shall be deemed to mature in the Interest Payment Date on which the final Coupon comprised in the relevant Coupon sheet matures.]/[No]

Signed on behalf of Poste Italiane S.p.A.:

By: .....
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

(a)	Listing and admission to trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify (i) relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of Euronext Dublin) and also any third country market, SME growth market or MTF, and (ii) if relevant listing on an official list (for example, the Official List of the FCA or the official list of Luxembourg Stock Exchange or the official list of Euronext Dublin)*] with effect from [ ].] [Not Applicable.] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [*specify (i) relevant regulated market (for example the Bourse de Luxembourg, the London Stock Exchange's regulated market or the Regulated Market of Euronext Dublin) and also any third country market, SME growth market or MTF, and (ii) if relevant listing on an official list (for example, the Official List of the FCA or the official list of Luxembourg Stock Exchange or the official list of Euronext Dublin*)] with effect from [ ].] [Not Applicable.] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading*.)
(b)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies) and associated defined terms*]. Each of [*defined terms*] is established in the European Union/United Kingdom and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such each of [*defined terms*] is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with such Regulation (at http://www.esma.europa.eu/page/List-registered-and-certified-CRAs).] [*Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider*.]

(*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*)

3. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

(i)	Reasons for the offer:	[If not for general corporate purposes, e.g. to [finance/refinance] [Green Projects/Social Projects/Sustainable Projects] (*See "Use of Proceeds" wording in the Base Prospectus*)]
(ii)	Estimated net proceeds:	[ ]

4. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

(*Need to include a description of any interest, including a conflicting interest, that is material to the issue/offer, detailing the persons involved and the nature of the interest. May be satisfied by the inclusion of the following statement:*

[Save for any fees payable to the [Managers/Dealers] and save as described in the section of the Base Prospectus entitled "*General Information*", so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates (including parent companies) have engaged, and may in the future engage, in lending, corporate finance, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and [its/their] affiliates (including parent companies) in the ordinary course of business /*insert any other interests, as appropriate)*]

(*When adding any other description, consideration should be given as to whether such matters described constitute "significant new factors" and consequently trigger the need for a supplement to the Base Prospectus under Article 23 of the Prospectus Regulation.*)

5. YIELD (*Fixed Rate Notes Only*)

Indication of yield: [ ]

6. OPERATIONAL INFORMATION

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]
(c)	CFI:	[[[*include code*], as updated, as/As] set out on the website of the Association of National Numbering Agencies (**ANNA**) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(d)	FISN:	[[[*include code*], as updated, as/As] set out on the website of the Association of National Numbering

		Agencies (ANNA) or alternatively sourced from the responsible National Numbering Agency that assigned the ISIN/Not Applicable/Not Available]
(e)	Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s):	[Not Applicable/*give name(s), address(es) and number(s)*]
(f)	Delivery:	Delivery [against/free of] payment
(g)	Names and addresses of additional Paying Agent(s) (if any):	[Not Applicable/[ ]
(h)	Intended to be held in a manner which would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/ [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

7. DISTRIBUTION

(a)	Method of distribution:	[Syndicated/Non-syndicated]
(b)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(c)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(d)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(e)	U.S. Selling Restrictions:	Regulation S Compliance Category 2; [TEFRA D/TEFRA C/TEFRA not applicable]
(f)	Prohibition of Sales to EEA and UK Retail Investors:	[Applicable/Not Applicable]

(*If the Notes clearly do not constitute "packaged" products or the Notes do not constitute "packaged" products and a key information document will be prepared, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared, "Applicable" should be specified*.)

(g)	Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable]

8. THIRD PARTY INFORMATION

[Not Applicable]/[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be endorsed on or attached to each Global Note (as defined below) and each definitive Note. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Final Terms" for a description of the content of Final Terms which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Poste Italiane S.p.A. (the **Issuer**) pursuant to the Agency Agreement (as defined below).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note; and

(c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 6 November 2020 and made between the Issuer, Deutsche Bank AG, London Branch as issuing and principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents). The Principal Paying Agent and the Paying Agents, together referred to as the **Agent or Agents**.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which complete these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note. For the purposes of the Conditions and unless stated otherwise, references to the European Economic Area include the United Kingdom.

Interest bearing definitive Notes have interest coupons (**Coupons**) and, in the case of Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

Any reference to **Noteholders** or **holders** in relation to any Notes shall mean the holders of the Notes and shall, in relation to any Notes represented by a Global Note, be construed as provided below. Any reference herein to **Couponholders** shall mean the holders of the Coupons and shall, unless the context otherwise requires, include the holders of the Talons.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the issue price, the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

The Noteholders and the Couponholders are entitled to the benefit of the Deed of Covenant (such Deed of Covenant as modified and/or supplemented and/or restated from time to time, the **Deed of Covenant**) dated 18 July 2019 and made by the Issuer. The original of the Deed of Covenant is held by the common depositary

or common safekeeper, as the case may be for Euroclear (as defined below) and Clearstream, Luxembourg (as defined below).

Copies of the Agency Agreement and the Deed of Covenant are available for inspection during normal business hours at the specified office of each of the Paying Agents. If the Notes are to be admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will be published on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) and www.posteitaliane.it / https://www.posteitaliane.it/en/debt-rating.html. If this Note is neither admitted to trading on a regulated market in the European Economic Area nor offered in the European Economic Area in circumstances where a prospectus is required to be published under Regulation (EU) 2017/1129, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer and the relevant Agent as to its holding of such Notes and identity. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Agency Agreement, the Deed of Covenant and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Agency Agreement.

Words and expressions defined in the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means 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.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Fixed Rate Note, a Floating Rate Note or a Zero Coupon Note, or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer and any Agent will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer and any Agent as the holder of such nominal

amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional and (subject to the provisions of Condition 3.1 (*Negative Pledge*)) unsecured obligations of the Issuer (*obbligazioni*) (and are not obligations of the Issuer acting through Patrimonio BancoPosta (as defined below)) which will at all times rank *pari passu* among themselves and (save for such obligations as may be preferred by provisions of law that are both mandatory and of general application) at least *pari passu* with all other outstanding present and future unsecured and unsubordinated obligations of the Issuer (excluding any obligations of the Issuer acting though Patrimonio BancoPosta), from time to time outstanding.

For the purposes of these Conditions:

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 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.

3. COVENANTS

3.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer will not, and will ensure that none of its Material Subsidiaries (as defined below) will, create or have outstanding (other than by operation of law) any mortgage, lien, pledge or other charge (other than a Permitted Charge) upon the whole or any part of the assets or revenues, present or future, of the Issuer and/or any of its Material Subsidiaries to secure any Relevant Indebtedness, unless:

(a) the same security shall forthwith be extended equally and rateably to the Notes; or

(b) such other security as shall be approved by a Resolution of the Noteholders shall previously have been or shall forthwith be extended equally and rateably to the Notes.

For the purposes of this Condition 3 (*Negative Pledge*) only, Material Subsidiaries shall not include Patrimonio BancoPosta in the event that the business and assets represented by Patrimonio BancoPosta are transferred, sold, contributed or assigned to, or otherwise vested in, another body corporate pursuant to paragraph (a) of the definition of Permitted Reorganisation below and such body corporate would otherwise be a Material Subsidiary.

For the purposes of these Conditions:

Permitted Charge means any mortgage, lien, pledge or other charge over any assets of the Issuer (the **Charged Assets**) created by any Person to secure Relevant Indebtedness in the context of a securitisation or like transaction whereby all or substantially all of the payment obligations in respect of such Relevant Indebtedness are to be discharged solely from funds generated by the Charged Assets;

provided that the aggregate book value of the Charged Assets shall not exceed at any time 10 per cent. of the consolidated total assets of the Issuer and its Subsidiaries taken as a whole, as calculated by reference to the then latest audited consolidated accounts of the Issuer and its Subsidiaries.

Relevant Indebtedness means any present or future indebtedness for borrowed money of the Issuer which is in the form of, or represented by, any bond, note, debenture or other security and which is, or is capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other established securities market.

3.2 Maintenance of Rating

This Condition 3.2 applies only to Notes which are rated on or after their respective Issue Date (for the purposes of this Condition, **Rated Notes**) by one or more rating agencies.

In respect of any Series of Rated Notes, so long as any of the Rated Notes remains outstanding, the Issuer will use its best efforts to maintain at least one rating of such Rated Notes with any Rating Agency.

4. INTEREST

4.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount to the Calculation Amount in the case of Fixed Rate Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the

product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

(i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

(ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date or the relevant payment date if the Notes become payable on a date other than an Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means both:

(A) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in each Additional Business Centre specified in the applicable Final Terms; and

(B) either (i) in relation to any sum payable in a Specified Currency other than euro, 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 principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Final Terms.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Final Terms) the specified Margin (if any). For the purposes of this sub-paragraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent or the Calculation Agent, as applicable, under an interest rate swap transaction if the Principal Paying Agent or the Calculation Agent, as applicable, were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes and, if specified in the relevant Final Terms, as supplemented by any applicable supplement to the ISDA Definitions (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Final Terms;

(B) the Designated Maturity is a period specified in the applicable Final Terms; and

(C) the relevant Reset Date is the day specified in the applicable Final Terms.

For the purposes of this sub-paragraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

(A) Floating Rate Notes other than CMS Linked Interest Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 4.3 (*Benchmark Discontinuation*) and as provided below, be either:

I. the offered quotation; or

II. the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (Relevant Financial Centre time) on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the specified Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable. If five or more of such offered quotations are available on the Relevant Screen Page, the

highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or the Calculation Agent, as applicable for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

In the event that the Relevant Screen Page is not available or if, in the case of sub-paragraph I above, no such offered quotation appears or, in the case of sub-paragraph II above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, the Issuer or, if appointed, the Financial Adviser shall request each of the Reference Banks to provide the Principal Paying Agent or the Calculation Agent, as applicable with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate at approximately the Specified Time on the Interest Determination Date specified in the applicable Final Terms.

If two or more of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable with offered quotations, the Rate of Interest for the Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of the offered quotations plus or minus (as appropriate) the specified Margin (if any), all as determined by the Principal Paying Agent or the Calculation Agent, as applicable.

If on any Interest Determination Date one only or none of the Reference Banks provides the Principal Paying Agent or the Calculation Agent, as applicable with an offered quotation as provided in the preceding paragraph, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Principal Paying Agent determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates, as communicated to (and at the request of) the Principal Paying Agent or the Calculation Agent, as applicable by the Reference Banks or any two or more of them, at which such banks were offered, at approximately the Specified Time (being 11.00 a.m. London time, in the case of a determination of the London inter-bank offered rate (**LIBOR**), or 11.00 a.m. Brussels time, in the case of a determination of the Euro-zone inter-bank offered rate (**EURIBOR**)) on the relevant Interest Determination Date specified in the applicable Final Terms, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the specified Margin (if any) or, if fewer than two of the Reference Banks provide the Principal Paying Agent or the Calculation Agent, as applicable with offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, at approximately the Specified Time on the relevant Interest Determination Date specified in the applicable Final Terms, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for the purpose) informs the Principal Paying Agent or the Calculation Agent, as applicable it is quoting to leading banks in the London inter-bank market (if the Reference Rate is LIBOR) or the Euro-zone inter-bank market (if the Reference Rate is EURIBOR) or the inter-bank market of the Relevant Financial Centre (if any other Reference Rate is used) plus or minus (as appropriate) the specified Margin (if any);

provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different specified Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the specified Margin relating to the relevant Interest Period in place of the specified Margin relating to that last preceding Interest Period).

For the purposes of this sub-paragraph (A):

Financial Adviser means an independent and internationally recognised financial adviser selected by the Issuer.

Reference Banks means:

I. in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market or in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Issuer or, if appointed, the Financial Adviser; and

II. in the case of a determination of a Reference Rate that is not LIBOR or EURIBOR, the principal office of four major banks in the inter-bank market of the Relevant Financial Centre or as specified in the applicable Final Terms.

(B) Floating Rate Notes which are CMS Linked Interest Notes

Where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject to Condition 4.3 (*Benchmark Discontinuation*) and as provided below, be determined by the Calculation Agent by reference to the following formula:

CMS Rate plus Margin

If the Relevant Screen Page is not available, the Issuer or, if appointed the Financial Adviser, shall request each of the CMS Reference Banks to provide the Calculation Agent with its quotation for the Relevant Swap Rate at approximately the Specified Time on the Interest Determination Date in question. If at least three of the CMS Reference Banks provide the Calculation Agent with such quotation, the CMS Rate for such Interest Period shall be the arithmetic mean of such quotations, 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).

If on any Interest Determination Date less than three or none of the CMS Reference Banks provides the Calculation Agent with such quotations as provided in the preceding paragraph, the CMS Rate shall be determined by the Issuer or, if appointed, the Financial Adviser, in good faith on such commercial basis as considered appropriate by the Issuer or, if appointed, the Financial Adviser in its absolute discretion, in accordance with standard market practice.

For the purposes of this sub-paragraph (B):

CMS Rate means the applicable swap rate for swap transactions in the Reference Currency with a maturity of the Designated Maturity, expressed as a percentage, which appears on the Relevant Screen Page as at the Specified Time on the Interest Determination Date in question, all as determined by the Calculation Agent.

CMS Reference Banks means (i) where the Reference Currency is Euro, the principal office of five leading swap dealers in the inter-bank market, (ii) where the Reference Currency is Sterling, the principal London office of five leading swap dealers in the London inter-bank market, (iii) where the Reference Currency is United States dollars, the principal New York City office of five leading swap dealers in the New York City inter-bank market, or (iv) in the case of any other Reference Currency, the principal Relevant Financial Centre office of five leading swap dealers in the Relevant Financial Centre inter-bank market, in each case selected by the the Issuer or, if appointed the Financial Adviser.

Designated Maturity, **Margin** and **Relevant Screen Page** shall have the meaning given to those terms in the applicable Final Terms.

Financial Adviser means an independent and internationally recognised financial adviser selected by the Issuer.

Relevant Swap Rate means:

(1) where the Reference Currency is Euro, the mid-market annual swap rate determined on the basis of 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 transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/360 day count basis, is equivalent to EUR-EURIBOR-Reuters (as defined in the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**)) with a designated maturity determined by the Calculation Agent by reference to standard market practice and/or the ISDA Definitions;

(2) where the Reference Currency is Sterling, the mid-market semi-annual swap rate determined on the basis of the arithmetic mean of the bid and offered rates for the semi-annual fixed leg, calculated on an Actual/365 (Fixed) day count basis, of a fixed-for-floating Sterling interest rate swap transaction with a term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, in each case calculated on an Actual/365 (Fixed) day count basis, is equivalent (A) if the Designated Maturity is greater than one year, to GBP-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of six months or (B) if the Designated Maturity is one year or less, to GBP-LIBOR-BBA with a designated maturity of three months;

(3) where the Reference Currency is United States dollars, the mid-market semi-annual swap rate determined on the basis of the mean of the bid and offered rates for the semi-annual fixed leg, calculated on a 30/360 day count basis, of a fixed-for-floating United States dollar interest rate swap transaction with a

term equal to the Designated Maturity commencing on the first day of the relevant Interest Period and in a Representative Amount with an acknowledged dealer of good credit in the swap market, where the floating leg, calculated on an Actual/360 day count basis, is equivalent to USD-LIBOR-BBA (as defined in the ISDA Definitions) with a designated maturity of three months; and

(4) where the Reference Currency is any other currency of if the Final Terms specify otherwise, the mid-market swap rate as determined in accordance with the applicable Final Terms.

Representative Amount means an amount that is representative for a single transaction in the relevant market at the relevant time.

Unless otherwise stated in the applicable Final Terms, the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent, or, as appropriate, the Calculation Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent, or, as appropriate, the Calculation Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30.

(e) Notification of Rate of Interest and Interest Amounts

Subject to Condition 4.3 (*Benchmark Discontinuation*), the Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and any stock exchange on which the relevant Floating Rate Notes are for the time being listed (by no later than the first day of each Interest Period) and notice thereof to be published in accordance with Condition 14 (*Notices*) as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14 (*Notices*). For the purposes of this paragraph, the expression **London Business Day**

means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2 by the Principal Paying Agent or the Calculation Agent, as applicable, shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Principal Paying Agent, the other Agents and all Noteholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Noteholders or the Couponholders shall attach to the Principal Paying Agent or the Calculation Agent, as applicable, in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Benchmark Discontinuation

This Condition 4.3 is applicable to Notes only if the Floating Rate Note Provisions are specified in the form of Final Terms as being applicable.

(a) Independent Adviser

If a Benchmark Event occurs (as determined by the Issuer) in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference 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 4.3(b) (*Successor Rate or Alternative Rate*)) and, in either case, an Adjustment Spread if any (in accordance with Condition 4.3(c) (*Adjustment Spread*)) and any Benchmark Amendments (in accordance with Condition 4.3(d) (*Benchmark Amendments*)).

An Independent Adviser appointed pursuant to this Condition 4.3(a) 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 Agent, any Paying Agent, the Noteholders or the Couponholders for any determination made by it pursuant to this Condition 4.3.

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 4.3(a) prior to the date which is five Business Days prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this Condition 4.3(a) shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 4.3(a).

(b) 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 4.3(c) (*Adjustment Spread*)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.3); 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 4.3(c) (*Adjustment Spread*) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 4.3).

(c) Adjustment Spread

If the Independent Adviser determines (i) that an Adjustment Spread is required to be applied to the Successor Rate or the Alternative Rate (as the case may be) and (ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread, then such Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be).

(d) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.3 and the Independent Adviser determines (i) that amendments to these Conditions and the Agency Agreement, including but not limited to Relevant Screen Page, 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 4.3(e) (*Notices*) and subject (to the extent required) to giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority, without any requirement for the consent or approval of Noteholders 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 4.3(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices

Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 4.3 will be notified promptly by the Issuer to the Principal Paying Agent and each Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Condition 4.3(a) (*Independent Adviser*) to Condition 4.3(d) (*Benchmark Amendments*), the Original Reference Rate and the fallback provisions provided for in Condition 4.2(b)(ii) (*Screen Rate Determination for Floating Rate Notes*) will continue to apply unless and until a Benchmark Event has occurred (as determined by the Issuer).

(g) Definitions

For the purposes of this Condition 4.3:

Adjustment Spread means either a spread (which may be positive or negative), or 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 Noteholders 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 (if no such recommendation has been made, or in the case of an Alternative Rate);

(b) 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 if the Issuer determines that no such industry standard is recognised or acknowledged); or

(c) 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 4.3(b) (*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 the same Specified Currency as the Notes and with an interest period of a comparable duration to the relevant Interest Period;

Benchmark Amendments has the meaning given to it in Condition 4.3(d) (*Benchmark Amendments*);

Benchmark Event means:

(a) the Original Reference Rate ceasing be published for a period of at least 5 Business Days or ceasing to exist; or

(b) a public statement by the administrator of the Original Reference Rate that it will, by a specified date within the following six months, 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 within the following six months, 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 either generally, or in respect of the Notes, in each case within the following six months; or

(e) it has become unlawful for the Paying Agents, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate;

Independent Adviser means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 4.3(a) (*Independent Adviser*);

Original Reference Rate means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

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

(a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, 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 central bank for the currency to which the benchmark or screen rate (as applicable) relates, (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;

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

4.4 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Note has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

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

All payments in respect of the Notes will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7 (*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.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8 (*Prescription*)) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes or otherwise in the manner specified in the relevant Global Note, where applicable against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made either on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note 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 Notes represented by such Global Note 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 Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 Payment Day

If the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8 (*Prescription*)) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

  (i) in the case of Notes in definitive form only, the relevant place of presentation; and

  (ii) in each Additional Financial Centre specified in the applicable Final Terms; and

(b) either (A) in relation to any sum payable in a Specified Currency other than euro, 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 principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 7 (*Taxation*);

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.4 (*Redemption at the option of the Noteholders (Investor Put*)); and

(f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 (*Taxation*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount (which shall be at least equal to the nominal amount of each Note) specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.4 (*Redemption at the option of the Noteholders (Investor Put*)), the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Principal Paying Agent and, in accordance with Condition 14 (*Notices*), the Noteholders (which notice shall be irrevocable), if:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7 (*Taxation*)) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption 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 Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Principal Paying Agent to make available at its specified office to the Noteholders (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 so to redeem

have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Principal Paying Agent shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the holders of Notes or Coupons.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.4 (*Redemption at the option of the Noteholders (Investor Put*)) together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms to the Noteholders in accordance with Condition 14 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms or, if a Make-whole Amount is specified in the applicable Final Terms, will be an amount calculated by the Principal Paying Agent equal to the higher of:

(a) 100 per cent. of the nominal amount of the Notes to be redeemed; or

(b) the sum of the present values of the nominal amount of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the Optional Redemption Date) discounted to the Optional Redemption Date on an annual basis (based on the actual number of days elapsed divided by 365 or (in the case of a leap year) 366) at the Reference Bond Rate (as defined below), plus the specified Redemption Margin,

plus in each case, for the avoidance of doubt, any interest accrued on the Notes to, but excluding, the Optional Redemption Date.

In the Conditions:

FA Selected Bond means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes;

Financial Adviser has the meaning given to such term in Condition 4.2(b)(ii)(A);

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms or the FA Selected Bond;

Reference Bond Price means, with respect to the Optional Redemption Date, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after

excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Principal Paying Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Bond Rate means, with respect to the Optional Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such Optional Redemption Date;

Reference Government Bond Dealer means each of five banks selected by the Issuer, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and the Optional Redemption Date, the arithmetic average, as determined by the Principal Paying Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Principal Paying Agent by such Reference Government Bond Dealer; and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the rate of interest applicable to such Note from and including the Optional Redemption Date.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.3 by the Principal Paying Agent, shall (in the absence of negligence, wilful default or fraud) be binding on the Issuer, the Principal Paying Agent, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 (*Notices*) not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.3 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 14 (*Notices*) at least five days prior to the Selection Date.

6.3(A) Redemption at the option of the Issuer (Clean-Up Call)

If Clean-Up Call is specified as being applicable in the applicable Final Terms, in the event that 20 per cent. or less of the initial aggregate principal amount of a particular Series of Notes (including any Notes issued pursuant to Condition 16 (*Further Issues*)) remains outstanding (other than as a result of the Issuer exercising an Issuer Call pursuant to Condition 6.3 (*Redemption at the option of the Issuer (Issuer Call)*) at an Optional Redemption Amount that is higher than the Clean-Up Call Redemption Amount), the Issuer may, at its option but subject to having given not more than sixty (60) nor less than fifteen (15) days' notice to the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) in accordance with Condition 14 (*Notices*), redeem all, but not some

only, of the outstanding Notes of such Series at their Clean-Up Call Redemption Amount specified in the applicable Final Terms together with any interest accrued to the date set for redemption.

6.4 Redemption at the option of the Noteholders (Investor Put)

This Condition 6.4 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholders, such option being referred to as an **Investor Put**. The applicable Final Terms contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 6.4 for full information on any Investor Put. In particular the applicable Final Terms will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the Issuer in accordance with Condition 14 (*Notices*) not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms, upon the expiry of such notice, the Issuer will, subject to, and in accordance with, the terms specified in the applicable Final Terms, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

The Optional Redemption Amount will be the specified percentage of the nominal amount of the Notes stated in the applicable Final Terms.

To exercise the right to require redemption of this Note, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 6.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and is continuing, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.4 and instead to declare such Note forthwith due and payable pursuant to Condition 9 (*Events of Default*).

6.5 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9 (*Events of Default*):

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at its Early Redemption Amount calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^{y}$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365),

6.6 Purchases

The Issuer or any Subsidiary of the Issuer may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to any Paying Agent for cancellation.

6.7 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and surrendered for cancellation pursuant to Condition 6.6 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

6.8 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1 (*Redemption at maturity*), 6.2 (*Redemption for tax reasons*), 6.3 (*Redemption at the option of the Issuer (Issuer Call)*), 6.3(A) (*Redemption at the option of the Issuer (Clean-Up Call)*) or 6.4 (*Redemption at the option of the Noteholders (Investor Put*)) above or upon its becoming due and repayable as provided in Condition 9 (*Events of Default*) is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.5(b) above as though the references therein to the date fixed for

the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 14 (*Notices*).

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by or on behalf of the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) presented for payment in the Tax Jurisdiction; or

(b) the holder of which is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Tax Jurisdiction other than the mere holding of such Note or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) 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 Payment Day (as defined in Condition 5.5 (*Payment Day*)); 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 Notes or Coupons on account of *imposta sostitutiva* pursuant to Italian Legislative Decree No. 239 of 1 April 1996 or future similar law and any related implementing regulations (each as amended or supplemented from time to time); 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.

As used herein:

(i) **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 Notes and Coupons; and

(ii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying 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 Noteholders in accordance with Condition 14 (*Notices*).

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7 (*Taxation*)) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 5.2 (*Presentation of definitive Notes and Coupons*) or any Talon which would be void pursuant to Condition 5.2 (*Presentation of definitive Notes and Coupons*).

9. EVENTS OF DEFAULT

9.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur and be continuing:

(a) if default is made for a period of 10 days or more in the payment of any principal or interest due in respect of the Notes after the due date thereof; or

(b) if default is made by the Issuer in the performance or observances of any obligation, condition or provision binding on it under the Notes (other than any obligation for payment of any principal or interest in respect of the Notes) and (except in any case where the default is incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) such default continues for 30 days after written notice thereof to the Issuer requiring the same to be remedied; or

(c) if any Indebtedness for Borrowed Money of the Issuer or any of its Material Subsidiaries becomes (or becomes capable of being declared) due and repayable prematurely by reason of an event of default (however described) or the Issuer or any of its Material Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period) or any security given by the Issuer or any of its Material Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable or if default is made by the Issuer or any Material Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person (as extended by any originally applicable grace period), *provided, however, that* no such event shall constitute an event of default so long as and to the extent that the Issuer or the relevant Material Subsidiary is contesting in a recognised court and/or jurisdiction, in good faith, that the relevant Indebtedness for Borrowed Money or any such security, guarantee and/or indemnity shall be due or enforceable, as appropriate, and *provided further that* no such event shall constitute an event of default unless the Indebtedness for Borrowed Money relating to all such events which shall have occurred

and be continuing whether individually or in aggregate shall amount to at least Euro 25,000,000 (or its equivalent in any other currency); or

(d) if the Issuer shall cease or announce that it shall cease to carry on its business otherwise than for the purposes of (i) a Permitted Reorganisation or (ii) a transaction on terms approved by a Resolution of the Noteholders; or

(e) if the Issuer shall be wound up or dissolved otherwise than for the purposes of (i) a Permitted Reorganisation or (ii) a transaction on terms approved by a Resolution of the Noteholders; or

(f) if the Issuer shall be adjudicated or becomes insolvent or shall stop payment or announce that it shall stop payment or shall be found unable to pay its debts, or any order shall be made or judicially approved by any competent court or other competent body for, or any resolution shall be passed by the Issuer for, judicial composition proceedings with its creditors or the appointment of an administrator, liquidator, receiver, administrative receiver or trustee or other similar official in insolvency proceedings in relation to the Issuer or any substantial part of the assets or property of the Issuer; or

(g) if the Issuer fails to pay a final judgment of a court of competent jurisdiction within 60 days from receipt of notice that a final judgment in excess of an amount equal to the value of a substantial part of the assets or property of the Issuer has been entered against it or an execution is levied on or enforced upon or sued out in pursuance of any such judgment against any substantial part of the assets or property of the Issuer; or

(h) if any event occurs which, under the laws of the Republic of Italy, has an analogous effect to any of the events referred to in paragraphs (e), (f) and (g) above; or

(i) where any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under and in respect of the Notes, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes and the Coupons admissible in evidence in the courts of the Republic of Italy is not taken, fulfilled or done,

then any Note may, by written notice addressed by the holder thereof to the Issuer and delivered to the Issuer or to the Principal Paying Agent, be declared immediately due and payable, whereupon it shall become immediately due and payable at its Early Redemption Amount together with accrued interest (if any) without further action or formality.

For the purposes of this Condition 9.1, 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.

9.2 Definitions

For the purposes of the Conditions:

Indebtedness for Borrowed Money means any present or future indebtedness for borrowed money (whether being principal, premium, interest or other amounts) for or in respect of (a) money borrowed, (b) liabilities under or in respect of any acceptance or acceptance credit, (c) any notes, bonds, debentures, debenture stock, loan stock or other securities issued, offered or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or part for a consideration other than cash;

Material Subsidiary means at any time any fully consolidated Subsidiary of the Issuer:

(a) whose gross revenues (consolidated in the case of a Subsidiary which itself has Subsidiaries) or whose total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent in each case not less than 10 per cent. of the consolidated gross revenues or, as the case may be, consolidated total assets, of the Issuer and its Subsidiaries taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Issuer and its Subsidiaries; or

(b) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Material Subsidiary.

A certificate signed by one Director of the Issuer that, in their opinion, a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Material Subsidiary, shall, in the absence of manifest error, be conclusive and binding on all parties;

Permitted Reorganisation means any reorganisation, amalgamation, merger, demerger, consolidation, contribution in kind or restructuring or other similar arrangement (including, without limitation, leasing of the assets or going concern) as follows:

(a) any one transaction or series of transactions, whereby all or substantially all of the business and assets represented by Patrimonio BancoPosta (as defined in Condition 2) are transferred, sold, contributed or assigned to, or otherwise vested in, one or more bodies corporate in good standing, each of them being, prior to or immediately upon such transfer, a Subsidiary of the Issuer; or

(b) any one transaction or series of transactions to which one or more of the parties is not a Subsidiary of the Issuer, whereby all or substantially all of the business and assets of the Issuer are transferred, sold, contributed or assigned to, or otherwise vested in, a body corporate in good standing and:

(i) such body corporate assumes or maintains (as the case may be) liability as principal debtor in respect of the Notes, including the obligation to pay any additional amounts under Condition 7 (*Taxation*), whether by contract or operation of law and in accordance with applicable law; and

(ii) upon completion of such transaction(s), such body corporate continues substantially to carry on the business of the Issuer as conducted immediately prior to completion of such transaction(s); and

(iii) opinions as to Italian law and English law (in each case of an independent and internationally recognised legal adviser) confirming such assumption of liability, including the obligation to pay any additional amounts under Condition 7 (*Taxation*), have been delivered to the Principal Paying Agent prior to the date of completion of such transaction(s),

provided that, in the period from the initial public announcement of the transaction(s) to 90 days following the date of its or their completion (the **Reorganisation Period**), in respect of any rating assigned to the Notes by any rating agency, the Rating Requirement (as defined below) shall have been satisfied; or

(c) any one transaction or series of transactions which do not fall within the scope of paragraph (a) or (b) above, whereby all or substantially all of the business and assets of the Issuer are transferred, sold, contributed or assigned to, or otherwise vested in, one or more bodies

corporate in good standing, each of them being, prior to or immediately upon such transfer, a Subsidiary of the Issuer *provided that*:

(i) if, as a result of such transaction(s), any such body corporate is to assume or maintain (as the case may be) liability as principal debtor in respect of the Notes, including the obligation to pay any additional amounts under Condition 7 (*Taxation*), whether by contract or operation of law and in accordance with applicable law, each of the requirements set out in subclause (b) above shall be met by such body corporate; or

(ii) if:

(A) any such body corporate becomes a Material Subsidiary as a result of such transaction(s); and

(B) the Notes do not satisfy the Rating Requirement during the Reorganisation Period; and

(C) the giving of a guarantee by such Subsidiary in respect of the Notes under the terms of the Agency Agreement is permitted by applicable laws and regulations and, to the extent required under such laws and regulations, is approved by any relevant regulatory body,

then the Issuer shall procure that such body corporate becomes, in accordance with these Conditions and the provisions of the Agency Agreement, a guarantor (each such guarantor, an **Additional Guarantor** and together the **Additional Guarantors**) upon the date of completion of such transaction(s),

provided that, in each of the above cases, the Issuer shall be solvent at the time of such reorganisation, and no Event of Default shall have occurred and be continuing.

For the purposes of this definition, **Rating Requirement** shall mean:

(i) where one rating agency has assigned a rating to the Notes, the Notes shall maintain the same (or higher) rating as was assigned to the Notes immediately prior to such reorganisation; or

(ii) where more than one rating agency has assigned a rating, the Notes shall maintain, in the case of at least two such Note ratings, the same (or higher) rating as was assigned to the Notes immediately prior to such reorganisation.

In the event the Notes are not rated by any rating agency at the time of the initial public announcement of any such reorganisation and are not assigned a rating during the Reorganisation Period, the Rating Requirement shall be deemed satisfied.

The Rating Requirement in respect of any rating assigned to the Notes shall be deemed satisfied if during the Reorganisation Period the then current long-term sovereign rating of the Republic of Italy is downgraded by one or more notches by any rating agency or, as applicable, rating agencies and the Notes are downgraded by the same or fewer notches by such rating agency or, as applicable, rating agencies.

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).

10. APPOINTMENT OF ADDITIONAL GUARANTOR(S)

10.1 In connection with the appointment of any Additional Guarantor(s) pursuant to paragraph 9.2(c)(ii) of the definition of Permitted Reorganisation in Condition 9.2, the Issuer shall procure, and the appointment of any Additional Guarantor shall be effective upon, the delivery to the Principal Paying Agent of the following documentation:

(a) a duly executed supplemental agency agreement in respect of the Notes and such other documents (if any) as may be necessary to give full effect to the appointment of such Additional Guarantor (together the **Documents**) and (without limiting the generality of the foregoing) pursuant to which the Additional Guarantor shall agree to be bound by the provisions of the Agency Agreement in respect of the Notes as fully as if such Additional Guarantor had been named in the Notes and in the Agency Agreement as guarantor for the payment of all sums payable by the Issuer as principal debtor;

(b) a duly executed unconditional and irrevocable deed of guarantee (a **Guarantee**) in the form or substantially in the form set out in Schedule 7 of the Agency Agreement (or in such other form as may be necessary or appropriate to comply with any applicable law, rule or regulation, including the law of any jurisdiction where that Additional Guarantor is organised or carries on business) pursuant to which such Additional Guarantor shall (i) guarantee in favour of each Noteholder and each Relevant Account Holder (as defined in the Deed of Covenant) the payment of all sums payable by the Issuer as principal debtor, to the extent of, and in the terms specified therein and (ii) undertake in favour of each Noteholder and each Relevant Account Holder to be bound by these Conditions, and such other documents (if any) as may be necessary to give full effect to the relevant Guarantee;

(c) a certificate signed by a director or equivalent senior officer of such Additional Guarantor, certifying that the giving of the relevant Guarantee by the Additional Guarantor will not breach any restriction imposed on it under laws generally applicable to persons of the same legal form as such Additional Guarantor;

(d) legal opinion(s) from independent and internationally recognised legal advisers as to English law and the laws of the relevant jurisdiction of the relevant Additional Guarantor (as the case may be), to the effect that execution and delivery of the Guarantee and the Documents have been validly authorised and that all obligations to be assumed by such Additional Guarantor under each of the Documents and the relevant Guarantee constitute legal, valid, binding and enforceable obligations of such Guarantor; and

(e) a certificate signed by a Director of the Issuer confirming that the appointment of the relevant Additional Guarantor is being conducted in connection with and in accordance with the definition of a Permitted Reorganisation.

10.2 The Documents and the relevant Guarantee shall contain a warranty and representation by the Additional Guarantor (i) that the Additional Guarantor has obtained all necessary governmental and regulatory approvals and consents for such admission as Additional Guarantor, for the giving of the Guarantee and for the performance by the Additional Guarantor of its obligations under the Documents and the relevant Guarantee and that all such approvals and consents are in full force and effect, and (ii) that the obligations assumed by the Additional Guarantor under the Documents and the relevant Guarantee are all legal, valid and binding in accordance with their respective terms.

10.3 Where the relevant Additional Guarantor is incorporated, domiciled or resident for taxation purposes in a territory other than the Republic of Italy, the Documents shall contain a covenant by such Additional Guarantor and/or such other provisions as may be necessary to ensure that each Noteholder has the benefit of a covenant in terms corresponding to the provisions of Condition 7 (*Taxation*) with the substitution for the references to the Republic of Italy of references to the territory or territories in which the Additional Guarantor is incorporated, domiciled and/or resident for taxation purposes.

10.4 References in Condition 3 (*Covenants*) and Condition 9 (*Events of Default*) to the Issuer shall be deemed to include references to the relevant Additional Guarantor(s), save that any reference in these Conditions to "Material Subsidiary" or "Material Subsidiaries" shall be read as a reference to a Material Subsidiary or Material Subsidiaries of the Issuer only.

10.5 The relevant Additional Guarantor shall have appointed the process agent appointed by the Issuer in Condition 18 (*Governing Law and Submission to Jurisdiction*) or another person with an office in England as its agent in England to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Notes and the Guarantee.

10.6 Upon execution of the Documents and the relevant Guarantee as referred to in sub-clauses 10.1(a) and 10.1(b) above, the relevant Additional Guarantor shall be deemed to be named in the Notes as guarantor for the payment of all sums payable by the Issuer as principal debtor and the Notes shall thereupon be deemed to be amended to give effect to such admission.

10.7 The Documents and the relevant Guarantee shall be deposited with and held by the Principal Paying Agent for so long as any Note remains outstanding and for so long as any claim made against the relevant Additional Guarantor by any Noteholder in relation to the Notes, the Documents or the relevant Guarantee shall not have been finally adjudicated, settled or discharged. The relevant Additional Guarantor shall acknowledge in the Documents and its Guarantee the right of every Noteholder to production of the Documents and its Guarantee for the enforcement of any of the Notes, the Documents or its Guarantee.

10.8 Not less than 15 days after execution of the Documents and its Guarantee, the relevant Additional Guarantor together with the Issuer shall give notice thereof to the Noteholders in accordance with Condition 14 (*Notices*).

11. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and Agent may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The Issuer is entitled to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other 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; and

(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.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4 (*General provisions applicable to payments*). Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14 (*Notices*).

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and do not assume any obligation to, or relationship of agency or trust with, any Noteholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any 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.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8 (*Prescription*).

14. NOTICES

All notices regarding the Notes will be deemed to be validly given if published (a) in a leading English language daily newspaper of general circulation in London, and (b) if and for so long as the Notes are admitted to trading on the regulated market of the Luxembourg Stock Exchange and are listed on the Official List of the Luxembourg Stock Exchange, a daily newspaper of general circulation in Luxembourg or the Luxembourg Stock Exchange's website, *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 of any stock exchange or other relevant authority on which the Notes 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.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such websites the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published on the website of the relevant stock exchange or relevant authority and/or in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on such day the said notice is given to Euroclear and Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS AND MODIFICATION

15.1 Meetings of Noteholders

All meetings of the Noteholders 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 Noteholders to consider any matter affecting their interests, including the sanctioning by Resolution (as defined in the Agency Agreement) of a modification of the Notes 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 Noteholder(s) holding not less than one-twentieth of the aggregate principal amount of the Notes for the time being remaining outstanding. If the meeting has not been convened following such request of the Noteholders, 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 Noteholders holding:

(a) in the case of a single call meeting (*convocazione unica*), at least one fifth of the aggregate principal amount of the outstanding Notes; 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 Notes;

  (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 Notes; and

(iii) in the case of any subsequent adjourned meeting, at least one fifth of the aggregate principal amount of the outstanding Notes,

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.

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 Notes 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 Notes; and

(ii) not less than two thirds of the aggregate principal amount of the outstanding Notes 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.

15.2 Modification

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

Notice of any such modification shall be given to the Noteholders in accordance with Condition 14 (*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 4.3 (*Benchmark Discontinuation*) shall not require the consent or approval of Noteholders or Couponholders, subject (to the extent required) to the Issuer giving any notice required to be given to, and receiving any consent required from, or non-objection from, the Competent Authority.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the Issue Date, the Interest Commencement 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 Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note 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.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

18.1 Governing law

The Agency Agreement, the Deed of Covenant, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Agency Agreement, the Deed of Covenant, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law. Condition 15 (*Meetings of Noteholders and Modification*) and the provisions of the Agency Agreement concerning the meetings of Noteholders and the appointment of a Noteholder's Representative in respect of the Notes are subject to compliance with the laws of the Republic of Italy.

18.2 Submission to jurisdiction

(a) Subject to Condition 18.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Notes 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 Notes 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 18.2, 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 Noteholders 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.

18.3 Appointment of Process Agent

The Issuer appoints Intesa Sanpaolo S.p.A., London Branch at 90 Queen Street, London EC4N 1SA 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 Proceedings. Nothing herein shall affect the right to serve proceedings in any other manner permitted by law.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes. If a Tranche of Notes to be issued is described as "Green Bonds", "Social Bonds" or "Sustainability Bonds", the applicable Final Terms will describe the relevant projects to which the net proceeds of the Tranche of Notes will be applied or will make reference to the relevant bond framework that applies to the use of the net proceeds of the relevant Tranche of Notes.

DESCRIPTION OF THE ISSUER

Introduction

Poste Italiane S.p.A. (hereinafter **Poste Italiane** or the **Parent Company** or the **Issuer**) is a company limited by shares (*società per azioni*) incorporated and operating under the laws of Italy for a period up to 31 December 2100 (which may be extended by means of a resolution passed at an extraordinary shareholders' meeting). As the Italian public postal operator, Poste Italiane provides postal and financial services through its large network of post offices in the Republic of Italy.

In 1925, the postal and related financial services, previously performed by an administrative department of the Italian Government, were transferred into a separate and independent unit of the Government's public administration. In 1994 this unit became a separate and independent body called Ente Poste Italiane, incorporated in the form of a public economic entity (*ente pubblico economico*). On 28 February 1998, effective as of 1 January 1998, Ente Poste Italiane was converted into Poste Italiane S.p.A., a joint stock company, registered with the Companies Register of Rome with the number 97103880585, pursuant to Resolution No. 244 of 18 December 1997 of the Interministerial Committee for Economic Planning (CIPE). The registered office of Poste Italiane is at Viale Europa 190, 00144 Rome, Italy (telephone number: +39 06 59581).

As at 30 June 2020, the share capital of Poste Italiane consists of 1,306,110,000 ordinary shares. All the issued shares are fully subscribed and paid up. No preference shares have been issued and the Issuer holds 5,257,965 treasury shares representing 0.4026% of Poste Italiane's share capital (see "*Key Events during 2019 and the first half of 2020 – Treasury Shares Buy-back*").

On 27 October 2015, the Issuer successfully completed the initial public offering (see "*Major Shareholders*" below) and its shares were admitted to trading on the *Mercato Telematico Azionario* of Borsa Italiana S.p.A. (the **MTA**).

The Poste Italiane group (the **Group**) – including, for the avoidance of doubt, BancoPosta RFC (as defined below) – is subject to supervision by the relevant independent competent authorities in relation to the different regulated business segments in which the Group operates.

In particular, the Group is supervised by:

- AGCom, with specific reference to its Postal and Parcel Services (as described below), as well as providing mobile telecommunication services;
- the Italian central bank (**Bank of Italy**, *Banca d'Italia*) and the Italian Financial Services Authority (**CONSOB**, *Commissione Nazionale per le Società e la Borsa*) which are, respectively, the banking sector and the financial markets regulators;
- the Italian insurance services regulator (**IVASS**, *Istituto per la Vigilanza sulle Assicurazioni*, which replaced the ISVAP as of 1 January 2013 pursuant to Law No. 135 of 7 August 2012) and the pension funds regulator (**COVIP**, *Commissione di Vigilanza sui Fondi Pensione*);
- the Italian data protection authority (**Data Protection Authority**, *Garante per la Protezione dei Dati Personali*), which oversees and regulates the gathering and management of personal data in any economic sector;
- the national anti-corruption authority (**ANAC**, *Autorità Nazionale Anticorruzione*) which, by virtue of Law No. 114 of 11 August 2014, is now also responsible for the duties of the former authority regulating public labour, services and supply contracts (**AVCP**, *Autorità per la Vigilanza sui Contratti Pubblici di Lavori, Servizi e Forniture*);

- the national competition authority (**AGCM**, *Autorità Garante per la Concorrenza e il Mercato*) which is in charge of enforcing the rules aimed at ensuring competition as well as consumer protection in any economic sector in Italy; and

- the Ministry of Economic Development (**MED**, *Ministero dello Sviluppo Economico*) which is in charge of authorising electronic communications operators to provide network access and Internet connectivity solutions. In addition, it monitors technical and organisational measures for the security and integrity of networks and electronic communication services.

Moreover, Poste Italiane is subject to supervision from the Italian Court of Auditors (*Corte dei Conti*) which examines its budget and financial management. The supervisory activities aim at ascertaining the lawfulness and correctness of the management activities as well as of the conduct of internal controls.

Creation of BancoPosta ring-fenced capital

On 2 May 2011, pursuant to applicable laws and further to a resolution the Issuer's extraordinary General Meeting, Poste Italiane established a ring-fenced capital (*patrimonio destinato*) to be used exclusively in relation to the "BancoPosta" activities of the Issuer (hereinafter, the ring-fenced capital shall be referred to as **BancoPosta RFC** and the brand or the business division shall be referred to as **BancoPosta**). In particular, from 2 May 2011 (i) BancoPosta RFC's assets and liabilities are, for all intents and purposes, unbundled from those of Poste Italiane; (ii) BancoPosta RFC's assets, liabilities and contractual rights are ring-fenced exclusively for the satisfaction of its obligations arising out of its day-to-day business activities; and (iii) Poste Italiane's liability in relation to activities carried out with an express indication of the attribution of such acts to BancoPosta RFC is limited to the ring-fenced capital. As a result, the assets and legal relationships transferred to BancoPosta RFC are aimed exclusively at the satisfaction of claims relating to the activities of the Issuer carried out through BancoPosta RFC, separate in all respects from the residual assets of the Issuer. Effective from 1 October 2018, the operations and assets of PostePay S.p.A. (formerly PosteMobile S.p.A.) were released from BancoPosta RFC.

As the assets of BancoPosta RFC are a separate pool of assets and ring-fenced capital, Noteholders will have no recourse to BancoPosta RFC, but only to the assets of the Issuer.

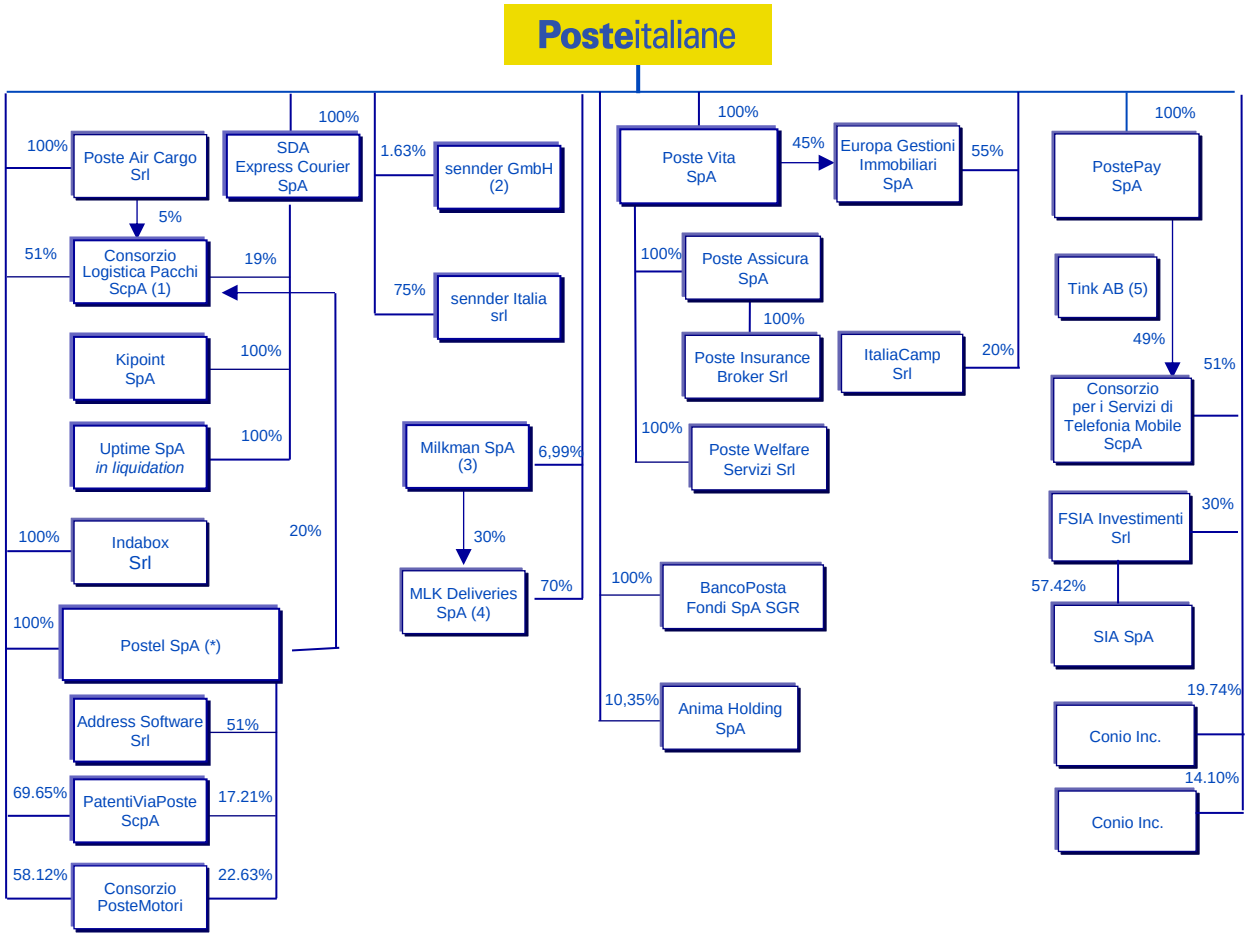
For further details on the operating activity carried out by BancoPosta see "*Financial Services*" below.

Major shareholders

The Issuer is a public limited company, listed at the Milan Stock exchange, controlled by the MEF (the Italian Ministry of Economics and Finance) through a direct holding equal to 29.3% and an indirect holding through CDP, the Italian national promotional bank (itself controlled by the MEF), equal to 35% of the Issuer's share capital.

The Issuer is not subject to the direction and coordination activity of the MEF pursuant to article 2497 of the Italian Civil Code, in compliance with article 19, paragraph 6, of Law Decree No. 78 of 1 July 2009, as converted with amendments into Law No. 102 of 3 August 2009.

Group structure as at 30 June 2020



(1) The remaining 5% of Consorzio Logistica Pacchi S.c.p.A. is held by Poste Assicura S.p.A.
(2) The investment in sennder GmbH fully diluted is equal to 1.50%.
(3) The investment in Milkman S.p.A. fully diluted is equal to 6.34%.
(4) The investment in MLK Deliveries S.p.A. fully diluted is equal to 68.49%.
(5) The investment in Tink AB fully diluted is equal to 4.79%.
(6) The investment in MFM Holding Ltd is equal to 14.10% of the shares with voting rights (15.16% of property rights).
(*) On 26 May 2020, the company Poste Tributi Scpa was removed from the Rome Register of Companies.

The multi-channel distribution network

The Group can count on a multi-channel and integrated distribution network which is unique in Italy in terms of its extensiveness and proximity to clients. (the Issuer is present in 96.75% of the Italian Municipalities). During these years the Group has been developing a continuous network updating in order to cope with the demographic changes and the new buildings through a full data driven approach, with specific attention to new urban areas. The Group's purpose is to reach the entire national population through (i) a physical network of post offices (12,809 as of 30 June 2020) and operators (more than 30,000 postmen and -women), (ii) a third party distribution network (lockers and tobacconists) and (iii) a virtual network based on multimedia channels.

The digital Web and App channels provide access to online services for 20.8 million retail users at 31 December 2019, 22.8 million as at 30 June 2020, operating as both direct sales and after-sales channels. As at 30 June 2020 the daily average of Web and App users was about 2.6 million.

Strategy and Business Plan

On 26 February 2018 the Board of Directors of Poste Italiane approved Deliver 2022 a five-year strategic plan designed to unlock the value of Poste Italiane's unique distribution network, already recognised as Italy's most effective and trusted (the **Deliver 2022**).

Deliver 2022 is built on solid business fundamentals and a deep understanding of the evolving needs of Italian consumers in Poste Italiane's four strategic business units:

- Mail, Parcels and Distribution;
- Payments and Mobile;
- Financial Services; and
- Insurance Services.

The plan envisages a group-wide transformation program focused on Poste Italiane's employees and key technology systems. It has pragmatic and achievable financial targets and clearly defined Key Performance Indicators (**KPIs**).

Operating profitability of Poste Italiane is expected to improve significantly by the end of the plan, supported by revenue growth and cost efficiencies in all business segments. Targets are built on granular and diverse initiatives, with low execution risk.

Poste Italiane has also conducted a full review of its business segments to enhance the exposure and transparency of their respective key value drivers. In particular:

Mail, Parcels and Distribution

Poste Italiane aims to improve its competitive position by:

- leveraging its distribution capabilities to capture opportunities in an evolving postal sector;
- restructuring the logistic area, supported by an early retirement plan;
- reorganising its comprehensive network, through a joint mail and parcel model, to deliver improved performance;
- focusing on customer-driven quality approach and product offering in order to promote the growth of the *business to consumer* (**B2C**) and counter mail decline; and
- making significant investments to reach pragmatic financial targets and clearly defined KPIs underpinned by renewed focus on operational performance.

The transformation of the strategic business unit is based on the use of new automation technologies to support production processes, and the introduction of an innovative mail and parcel delivery model (the **Joint Delivery Model**), based on population and volume density which includes afternoon and weekend deliveries. This follows the signing of two major labour Union agreements (*accordi sindacali*) which allowed the Group to implement new ways of working and to benefit from the fast-growing e-commerce related B2C parcel market where it already has a 35% market share as at the end of 2019.

Poste Italiane is investing in new sorting and automation technology and is creating a fully integrated mail and parcel network by redefining delivery areas to increase productivity and optimise delivery flows.

Payments and Mobile

In relation to its Payments and Mobile division, Poste Italiane aims to leverage the opportunities presented by the convergence of physical and digital channel payments, along with the convergence of payments towards mobile.

While cash is still the main payment method used in Italy – the Payments and Mobile Strategic Business Unit will manage the transformation from traditional methods such as the "*bollettino*" (postal payment slip) to modern digital payment options. The Group will also continue to develop digital public services which it intends to sell through its over 12,800 post offices in Italy.

The PSD2, in force since January 2018, will require the adoption of new rules and business models for financial intermediaries operating in the payments sector. The new directive will mean increased competition and Poste Italiane will have to protect its market – especially the market for payment services linked to current accounts – from new operators and the evolution of existing ones, while also benefitting – especially through the development of the so-called "*Postepay*" platform and innovative, digital payment services – from the development of its offering to current account customers of other banks, both in Italy and overseas.

The Deliver 2022 envisages the gradual increase of the contribution of payments acquiring (e.g. Merchant acquiring) to the financial results of Payments and Mobile.

Financial Services

Poste Italiane aims to take advantage of the opportunities arising from recent regulatory innovations (e.g. MiFID II and PSD2), to enhance its current strengths: customer base, distribution network and brand. The Group intends to benefit from the continued recovery of the Italian economy and Italian households' growing wealth. The Group will take advantage of further opportunities by serving customers in the best possible way through its market-leading physical and digital distribution networks.

Moreover, Poste Italiane intends to deliver sustainable low capital requirements (i.e. capital light) growth, bolstered by a comprehensive and broadened product range, including third–party loan distribution. It will in the meantime gradually reduce its reliance on non-recurring revenues over the plan, thanks to sustainable recurring revenue generation underpinned by increasing margins on postal savings.

Poste Italiane is also:

- expanding its wealth management offer;
- upgrading many post offices in order to integrate a complete range of digital products;
- strengthening its client coverage model in order to maximise cross-selling opportunities; and
- investing in IT and data analytics to better support its commercial frontline staff and allow for a more targeted sales approach.

Insurance Services

The Group aims to strengthen its leadership in the life insurance sector and grow in the Property & Casualty business sector (**P&C**).

Poste Italiane will focus on retaining its leadership position in the life insurance sector (see for details "*Operating Segments for – Insurance Services*", below) by providing its clients with the best products in the prevailing macro-economic scenario, rebalancing the clients' portfolios from traditional life insurance products to multi-class products.

Non-life insurance is a further growth area of *Deliver 2022* considering the low current penetration across the Italian population. Poste Italiane expects to strengthen its welfare and employee benefits offer, widening its P&C product offering.

The Group will also introduce specific insurance products for small to medium–sized enterprises (**SMEs**) and, in line with the progressively ageing Italian population and the increasing pension gap, the Group will continue to develop private pension plans, a product where the Group is already the number one player.

People, capex, financial results and capital structure

With an average employee age of 50, and an average retirement age of about 60, over half of Poste Italiane's current workforce will retire over the next ten years allowing Poste Italiane to recruit new skilled professionals and young talent.

Poste Italiane intends to increase its competitiveness through a combination of new hires, subsidised exits and the redeployment of the existing staff members supported by tailored initiatives to improve technical and management skills across the Group.

In particular, Poste Italiane is investing in existing and new talent with a wide range of development programmes, rolling-out smart working, and introducing comprehensive and structured incentives programmes.

Deliver 2022 is also supported by an effective capital investment programme with a focus on digital development to prepare Poste Italiane for the future. Key investment initiatives will include sorting automation and Group-wide IT infrastructure, modern sorting technology and digitally integrated post offices.

Poste Italiane expects to maintain strong financial results and an efficient capital structure throughout the period covered by the plan.

BancoPosta has one of the strongest capital positions in Italy (Source: publicly available companies data of major players in the banking sector in Italy), with CET 1 (Common Equity Tier 1) ratio at 18.3% at the end of 2019 (17.6% as at 30 June 2020). Poste Italiane's balance sheet has no embedded credit risk as a result of a limited banking licence (which prevents the company from lending directly to customers), the CET1 ratio is not impacted by government bond volatility and its peculiar business model focused on distributing third-party products, loans and mortgages which, in turn, translates into low capital absorption.

In addition, the insurance business of the Group is expected to continue to have a solid capital position, with a Solvency II ratio, as defined below, in compliance with regulatory requirement and internal risk appetite framework. Several initiatives are on-going to reduce the volatility of the ratio, including asset and liability review as well as the development of an internal model to be used instead of the standard formula for regulatory purposes when calculating the solvency capital.

Poste Italiane's sound earnings generation will continue, increasing its own funds and dividend flows.

Finally, in order to reach the *Deliver 2022*'s objectives, as described above, the Group implemented a new and effective compensation strategy with the following key strategic pillars:

- alignment of the shareholders' and the management's interests;
- full management commitment to the strategic priorities of the plan;
- economic and socially inclusive value creation rewarding; and
- engagement with the people who are implementing the transformation process.

ESG Strategy

At Poste Italiane, sustainability means defining a unitary strategy bringing financial and operational objectives in line with a clear understanding of environmental, social, and governance issues (the so-called "ESG" – Environmental, Social and Governance). The *Deliver 2022* strategy, announced in February 2018, works alongside Poste Italiane's sustainability strategy to maximise the value of Italy's largest distribution network by responding to customers' changing needs and taking advantage of growth opportunities through digitalisation.

The sustainability strategy consists of elements consistent with our business objectives, and Poste Italiane supports this strategy internally through policies which play an integral role in setting out general principles along with future goals and operating processes in priority non-financial areas for the company.

The ESG strategic plan contains operational aspects of the policies adopted which derive from the Group's sustainability goals and align with both the business strategy set out in *Deliver 2022* and our social and environmental commitments. The goals in the ESG strategic plan have a concrete commitment timeline and are based on the following six pillars: "Integrity and transparency", "People development", "Supporting local communities and the country as a whole", "Customer experience", "Decarbonisation of real estate facilities and logistics" and "Sustainable finance".

The effort that Poste Italiane has made to achieve a structured sustainability path that is fully consistent with its business objectives has led the Group to achieve major awards such as the entry in the *Dow Jones Sustainability Index* (both *World* and *Europe*), *Bloomberg Gender-Equality Index* (GEI), *Euronext Vigeo-Eiris World 120, FTSE4GOOD* and the *RobecoSAM Sustainability Yearbook 2020* as "*Industry Mover*".

Business of the Group

The Group's business activities are organised into the following strategic business units (also referred to as operating segments):

1. **Mail, Parcels and Distribution**, which includes mail, express courier, logistics and parcels, distribution and sale of stamps, and the activities carried out by the various business areas of the Parent Company in the other segments in which the Group operates. In addition to the Parent Company, the following companies operate in this segment: Postel S.p.A. (**Postel**), SDA Express Courier S.p.A. (**SDA Express Courier**), Poste Air Cargo S.r.l. (**Poste Air Cargo**), formerly Mistral Air S.r.l., and other companies of the Group which carry out minor related additional services. The Mail, Parcels and Distribution Services segment also earns revenues from the services provided by the various Poste Italiane organisational structures to other units (for further details see "*Mails, Parcels and Distribution – Revenues in the Mail, Parcels and Distribution from other business areas*" below).

2. **Payments, Mobile and Digital** (**PMD**), includes the activities of payment management, electronic money services and mobile and fixed line telecommunications services by Postepay S.p.A. (**PostePay**). Starting in 2020, and in line with the organisational changes that in 2019 saw the transfer of the digital channel control activities within the Mail, Parcels and Distribution Services unit, the Payments, Mobile and Digital unit has been renamed Payments and Mobile (**PM**). The 30% interest in FSIA Investimenti S.r.l., which in turn holds 57.4% of share capital of SIA S.p.A., has also been allocated to the PMD unit (for more details please refer to "*Key events during 2019 and the first half of 2020*" below).

3. **Financial Services**, which is responsible for the provision by BancoPosta of current accounts and payment services (including pensions and collection or disbursement of payments for third parties, of which some are outsourced to the PMD unit), investment products (mainly postal savings products distributed on behalf of Cassa Depositi e Prestiti) and financing services such as mortgages and personal loans branded BancoPosta and issued by third parties. This unit is also in charge of the asset

management sector through distributing mutual investment funds by BancoPosta Fondi S.p.A. SGR (**BancoPosta Fondi**) and distributing third-party asset management products including those of Anima Holding S.p.A. (**Anima Holding**), an independent asset manager 10.35% of which is owned by the Issuer.

4. **Insurance Services**, which operates in the sale of both life insurance products under classes I, III, IV and V, through Poste Vita S.p.A. (**Poste Vita**), and, since its launch in 2010, of non-life insurance products through Poste Assicura S.p.A. (**Poste Assicura**) (fully owned by Poste Vita). This unit also includes Poste Welfare Servizi S.r.l. (**Poste Welfare Servizi**), 100% owned by Poste Vita, which manages Supplementary Medical Funds, services for the acquisition and validation of databases, services and liquidation of services on behalf of private medical funds; it also supplies services for the management of Poste Vita Group health and welfare products. On 12 April 2019, Poste Assicura has established Poste Insurance Broker Srl.

The table below represents the list of companies operating in each segment as at 31 December 2019.

OPERATING SEGMENTS FOR 2019

Mail, Parcels and Distribution	Payments, Mobile and Digital	Financial Services	Insurance Services
Poste Italiane S.p.A.	PostePay S.p.A.	Poste Italiane BancoPosta RFC	Poste Vita S.p.A.
Postel S.p.A.	Consorzio per i servizi di telefonia Mobile S.c.p.A.	Poste Tributi S.c.p.A.	Poste Assicura S.p.A.
SDA Express Courier S.p.A.	FSIA Investimenti S.r.l.	BancoPosta Fondi S.p.A. SGR	Poste Welfare Servizi S.r.l.
Poste Air Cargo S.r.l.		Anima Holding S.p.A.	Poste Insurance Broker S.r.l.
Consorzio Logistica Pacchi S.c.p.A.			
Europa Gestioni Immobiliari S.p.A.			
Consorzio PosteMotori			
PatentiViaPoste S.c.p.A.			
Indabox S.r.l.			
ItaliaCamp S.r.l.			
Kipoint S.p.A.			
Uptime S.p.A. – under liquidation procedures			
Conio Inc.			

The tables below illustrate certain financial items of the Group by business segment for the years ended 31 December 2019 and 31 December 2018.

(€m)

Year ended 31 December 2019	Mail, Parcels & Distribution	Payments, Mobile & Digital	Financial Services	Insurance Services	Adjustments and eliminations	Total
Net external revenue from ordinary activities	3,492	664	5,213	1,669	-	11,038
Net intersegment revenue from ordinary activities	4,723	375	713	1	(5,812)	-
Net operating revenue	**8,215**	**1,039**	**5,926**	**1,670**	**(5,812)**	**11,038**

Depreciation, amortisation and impairments	(724)	(27)	-	(24)	1	(774)
Non-cash expenses	(77)	(4)	(46)	(7)	-	(134)
Total non-cash expenses	**(801)**	**(31)**	**(46)**	**(31)**	**1**	**(908)**
Operating profit/(loss)	**(347)**	**241**	**874**	**1,006**	**-**	**1,774**
Finance income/(costs)	(40)	-	(5)	77	-	32
(Impairment loss)/reversal on debt instruments, receivables and other assets	(46)	-	-	-	-	(46)
Profit/(loss) on investments accounted for using the equity method	-	99	13	-	-	112
Intersegment finance income/(costs)	49	-	(1)	(48)	-	-
Income tax expense	78	(69)	(241)	(298)	-	(530)
Net profit/(loss) for the year	**(306)**	**271**	**640**	**737**	**-**	**1,342**
Assets	**10,704**	**6,437**	**85,279**	**146,263**	**(10,432)**	**238,251**
Non-current assets	7,032	464	60,177	138,477	(2,374)	203,776
Current assets	3,672	5,973	25,102	7,786	(8,058)	34,475
Non-current assets and disposal groups held for sale	-	-	-	-	-	-
Liabilities	**8,336**	**5,958**	**81,292**	**141,811**	**(8,844)**	**228,553**
Non-current liabilities	3,135	298	14,869	140,967	(996)	158,273
Current liabilities	5,201	5,660	66,423	844	(7,848)	70,280
Liabilities related to assets held for sale	-	-	-	-	-	-
Other information						
Capital expenditure	685	25	1	23	-	734
Investments accounted for using equity method	3	393	221	-	-	617

(€m)

Year ended 31 December 2018	**Mail, Parcels & Distribution**	**Payments, Mobile & Digital**	**Financial Services**	**Insurance Services**	**Adjustments and eliminations**	**Total**
Net external revenue from ordinary activities	3,579	628	5,186	1,471	-	10,864

Net intersegment revenue from ordinary activities	4,632	338	909	1	(5,880)	-
Net operating revenue	**8,211**	**966**	**6,095**	**1,472**	**(5,880)**	**10,864**
Depreciation, amortisation and impairments	(528)	(25)	-	(17)	-	(570)
Non-cash expenses	9	(10)	(121)	-	-	(122)
Total non-cash expenses	**(519)**	**(35)**	**(121)**	**(17)**	**-**	**(692)**
Operating profit/(loss)	**(430)**	**204**	**859**	**866**	**-**	**1,499**
Finance income/(costs)	(26)	-	(2)	64	-	36
(Impairment loss)/reversal on debt instruments, receivables and other assets	(20)	-	-	-	-	(20)
Profit/(Loss) on investments accounted for using the equity method	-	5	(29)	-	-	(24)
Intersegment finance income/(costs)	15	-	(2)	(13)	-	-
Income tax expense	89	(56)	(209)	84	-	(92)
Net profit/(loss) for the year	**(372)**	**153**	**617**	**1,001**	**-**	**1,399**
Assets	**9,302**	**5,075**	**72,738**	**131,280**	**(9,513)**	**208,882**
Non-current assets	5,726	350	53,495	121,658	(2,357)	178,872
Current assets	3,576	4,725	19,243	9,622	(7,155)	30,011
Liabilities	**6,721**	**4,831**	**69,827**	**127,323**	**(7,924)**	**200,778**
Non-current liabilities	1,592	282	9,685	125,739	(773)	136,525
Current liabilities	5,129	4,549	60,142	1,584	(7,151)	64,253
Other information						
Capital expenditure	487	27	-	25	-	539
Investments accounted for using equity method	3	281	214	-	-	498

1. Mail, Parcels and Distribution

This strategic business unit includes the letter post, express delivery, logistics, parcel and philately activities. In more detail, the Mail, Parcels and Distribution segment includes the following areas:

- *Mail*, including the provision by Poste Italiane of traditional postal services, as well as direct marketing and innovative services (within the broader sector of paper-based and electronic communications and e-Government services), and the distributing and selling stamps and products for stamp collectors. This business area also includes services provided by the Postel group in the mass printing sector; and

- *Parcels*, including express delivery products offered on the deregulated markets by Poste Italiane to retail and small and medium-sized enterprise customers and by SDA Express Courier to business customers. SDA Express Courier also provides integrated solutions for distribution, logistics and catalogue sales. Providing ordinary parcel services falls under the Universal Postal Service obligation.

The subsidiary Poste Air Cargo provides air freight. As part of the postal and Parcel service operations, Poste Air Cargo provides air cargo services for Poste Italiane (in conjunction with Consorzio Logistica Pacchi S.c.p.A.).

Poste Italiane provides the Universal Postal Service (as defined below in "*Regulatory Framework– Mail, Parcels and Distribution – recent history and current framework*") on the basis of a mandate which has been renewed for 15 years (with mid-term checks every 5 years) from April 2011 by the MED. The first mid-term check of Poste Italiane was successful. In particular, the Universal Postal Service includes several essential services to be provided, at reasonable prices, to all users in the territory of the Republic of Italy.

The Universal Postal Service includes:

(a) collection, transport, sorting and delivery of postal items up to 2 kg;

(b) collection, transport, sorting and delivery of postal parcels up to 20 kg; and

(c) services relating to the delivery of registered mail and insured mail.

With the full liberalisation of the postal market, the "reserved area" (i.e. the set of postal services exclusively provided by Poste Italiane) has been eliminated.

The last reserved area, relating to notifications of judicial acts and Highway Code ("*Codice della Strada*") fines, has been cancelled by the Annual Competition Law (Law n.189 of August 14, 2017). The AGCom has adopted a resolution (n. 77/18/CONS) relating to the issuance of special licences to provide postal services relating to legal process and the notification of violations of the Highway Code (*Codice della Strada*). Other legal measures on this topic have been adopted pursuant to Law n. 124 of 4 August 2017, the so-called "Annual market and competition law" (**Law 124/2017**) in order to coordinate the legal framework with the above-mentioned area.

The main tasks carried out by Poste Italiane pursuant to the Universal Postal Service are:

(i) collection and delivery of mail, press items and parcels at the domicile of every legal entity or individual located in the national territory, in compliance with certain quality standards;

(ii) provision of a separate accounting system, based on pre-determined criteria, set out in order to prevent cross-subsidies from universal services to other services provided by the Group;

(iii) calculation and provision to AGCom of the net cost of carrying out the Universal Postal Service pursuant to the obligations provided by legislation, AGCom and the Poste-MED Programme Agreement (*Contratto di Programma*) signed between Poste Italiane and the MED on 15 December 2015, renewed on 30 November 2019 for the years 2020-2024 (the **Poste-MED Programme Agreement**);

(iv) compliance with quality standards for postal items delivery and with the distribution and availability of services criteria set forth by relevant regulations for post offices; and

(v) adoption of transparent, simple and affordable procedures to manage claims by final customers.

See "*Regulatory Framework*" below for further details on the Universal Postal Service.

Through its strategic business unit Mail Parcels & Distribution, Poste Italiane continues to reorganise its transport, sorting, delivery and customer experience activities, in line with the long-term objectives outlined in *Deliver 2022*, such as increasing efficiency, flexibility and quality in order to seize the opportunities arising from the development of e-commerce.

In 2019, the rollout of the new "joint delivery" model, which had been launched in April 2018 following an agreement with labour unions, was fully completed. The model is aimed at supporting Poste Italiane to keep pace with changes in e-commerce and customer needs. In June 2018, the joint delivery model's increased flexibility helped secure a three-year agreement, renewable for an extra two years, with Amazon to deliver packages throughout Italy.

The development of a potential partnership with Amazon is in line with Poste Italiane's strategy of expanding its logistics segment in connection with online purchases. This is also connected with expansion of the

PuntoPoste network for collecting online purchases and sending returns. By the end of 2019, this consisted of over 6,000 alternative collection points, mainly tobacconists and lockers, which are in addition to Post Offices.

Moreover, in line with the evolution of the market and the needs of e-Shoppers, the Group has undertaken a strategic programme based on collaboration with innovative start-ups specialized in last mile logistics for the development of innovative and technologically advanced delivery services, such as the "Scheduled Delivery" service that allows e-Shoppers to request delivery on a specific date and within a specific time slot (subject to availability). The service, offered in partnership with Milkman S.p.A., has been active on an experimental basis in selected areas since July 2019. In the first months of 2020 Poste created a newco, named MLK Deliveries S.p.A, in joint venture with Milkman S.p.A., in order to develop the last mile services (see "*Key events during 2019 and the first half of 2020"* below for further details).

As part of the long-haul road transport optimisation programme launched in 2019, Poste Italiane started collaborating with the German digital carrier sennder GmbH, one of the most innovative and technologically advanced start-ups in the sector (see "*Key events during 2019 and the first half of 2020"* below for further details) with the aim of increasing vehicle saturation and reducing road transport costs, both in the Italian and foreign markets, by benefiting from economies of scale and technological optimisation. This will allow Poste Italiane to create a full-tracked and full-digital operating model, in line with the needs of e-commerce.

With reference to sorting activities and the automation of production processes, in July 2019, the largest parcel sorting plant currently installed in Italy was inaugurated at the Bologna freight terminal. The hub is equipped with three integrated automation systems for sorting the different types of parcels, with a total daily processing capacity of 250,000 units, equal to about 40% of Poste Italiane's production capacity, as well as advanced technologies for safety and energy saving.

Mail

The Mail business involves providing paper, electronic and hybrid mail services (the latter performed by the Postel group), and the coordinating territorial structures to manage logistical activities relating to mail dispatch, transportation and delivery.

In 2019, the postal services market in Italy continued to decline in line with trends experienced by major European postal operators. More generally, the pace and extent of the decline in letter volumes continues to vary from one European operator to another, depending on a range of factors, such as the level of internet penetration, the intensity of public and private initiatives on electronic invoicing and billing (e-substitution), the level of market competition and deregulation, the degree of demand elasticity to price changes and other macroeconomic factors. Italy continues to experience a decrease in paper-based communication as evidenced by a lower per capita volume. The main structural factors which explain this decrease are a lower use of direct marketing and unaddressed mail for commercial purposes, as well as a lower propensity to use paper-based tools by some specific industries such as banking and telecommunications, in Italy characterised by a higher usage of pre-paid consumption models. In 2020, mail volumes have been declining more than expected, in particular as a consequence of a temporary *lock-down* due to the Covid-19 pandemic (mail volumes declined -19.2% compared to the same period in 2019).

Poste Italiane's policy is aimed at countering the declining trend in the mail market by defending its market shares, through:

- developing new products and services, in line with the evolving needs of the market, including physical, hybrid and fully digital communications needs, while taking advantage of its position in the market and its key assets;

- a comprehensive rationalisation of product portfolio in order to eliminate overlaps; and

- improving quality and efficiency standards, maximizing synergies in the logistics and operations network and enhancing all the available Group assets.

Poste Italiane's main sub-business in the Mail business area

The "**Postel group**" provides communication services to businesses and the Public Administration. In addition to printing and enveloping mail, which traditionally represents the Postel group's core business, its service offering includes mass printing (the group of services intended for outsourcers of large volumes of mail); direct marketing (integrated communications and marketing services combined with the printing of commercial documentation); electronic document management by which the Postel group offers its customers traditional optical acquisition and storage services, as well as innovative services such as backup optical filing and electronic billing; e-procurement (the management, distribution and supply of stationery, IT products, blank forms, printed matter, consumables and other products required by both Poste Italiane's network of approximately 12,800 post offices and by external parties).

"**Philately**" is the business area responsible for distributing and marketing stamps and philatelic products with a commemorative nature. The MED is responsible for determining the number and themes of stamps issued in the Republic of Italy.

Parcels

The Parcels' business area covers express delivery products offered on the deregulated market to retail, small and medium-sized enterprise customers and business customers. All the products are provided by Poste Italiane, with the aim of providing an integrated Group offer. The products offered include providing ordinary parcel services as part of the obligation to provide the Universal Postal Service. The SDA Express Courier group manages the activities of the supply together with postmen and -women network chain for all services offered.

The services include shipments in the domestic and international markets, but activities are largely concentrated on the domestic market.

Since e-commerce penetration in Italy is currently one of the lowest in Europe, it is reasonable to expect growth in the e-commerce field in the coming years. Therefore, Poste Italiane's strategy aims to improve its competitiveness in the parcel market by using the Group's assets to maximize links between the logistics and operations networks and take advantage of growth in the e-commerce field. In particular, in Italy the percentage of online retail purchases rose from 4% in 2015 to 7% in 2019 (*source*: Data Osservatorio eCommerce B2C - Politecnico Milano). Poste Italiane is now one of the leading operators in the B2C parcels sector, with a market share which grew from 30% in 2017 to 35% in 2019 (*source*: internal processing based on Cerved Databank data, Netcomm 2019).

Revenues in the Mail, Parcels and Distribution segment from other business areas

Revenues from other business areas are mainly generated by three types of services which the Mail, Parcels and Distribution segment provides to BancoPosta RFC and PMD. These services can be summarised as follows:

- commercial activities, represented by the sale of BancoPosta products and providing services to all customers;

- support services, meaning coordinating and managing investments, IT system, customer care and postal services; and

- staff services, represented by providing support for the coordination and management of BancoPosta RFC across all areas of business.

See "*Financial Services*" below for a description of the fees and commissions structure (determined by means of transfer pricing) for the above-mentioned services (which are not taken into consideration in the consolidation process of the Issuer's separate and consolidated financial statements).

2. Payments and Mobile

The PM Strategic Business Unit aims to deliver on the strategic objective of becoming Italy's leading payments ecosystem, ensuring convergence between payments and mobile technology, and between physical and digital distribution channels. In this regard, the Group intends to lead changes in the habits of consumers, businesses and the Public Administration, creating new integrated products and services.

PostePay aims to be the largest digital payments platform in Italy by leveraging Italy's most widespread distribution network, made up of post offices, in order to enable the Group to consolidate its role as a driver of the country's development and innovation. PostePay forms part of Poste Italiane's digital transformation in response to a changing competitive scenario in the payments sector, designed to take advantage of the opportunities offered by market deregulation and the changes in progress.

The PM Strategic Business Unit (originally Payments, mobile and digital (PMD)) was established in 2017 in order to capitalise on the Group's leadership in prepaid cards and build on PSD2 (as defined in "*Regulatory Framework*" below) to create a single payment solution offering.

Therefore, in order to stimulate its growth in the market of payment services and strengthen its services with respect to retail, business and Public Administration customers, Poste Italiane has decided to combine the Group's distinctive competencies related to mobile and digital payments in a sole entity since 2018. More specifically, such scope involved the following:

- the contribution in kind in 2018 into PosteMobile S.p.A. (then renamed PostePay S.p.A.), of BancoPosta RFC's e-money and payment services; and

- establishment by PostePay of a separate entity specialised in e-money and payment services, and through which PostePay operates as an Electronic Money Institution, whilst also continuing to operate as a mobile virtual network operator.

In light of the above, the PM Strategic Business Unit, which operates partially under a ring-fenced capital regime, aims to centralise the management of payment services (taking also into account new activities introduced by PSD2 (as defined in "*Regulatroy Framework*")) and operate as a full MVNO to offer mobile telecommunication services. More specifically, the PM Strategic Business Unit offers (i) electronic money services both in card issuing and acquiring, (ii) collection and payment services provided by BancoPosta RFC (managed in outsourcing), and (iii) mobile and fixed line telecommunication services offered by the former PosteMobile, which has acquired significant experience over the years in digital services and in mobile banking and mobile payments. In the last year PostePay has signed strategic partnerships with Tink AB and Volanté Technologies Inc and has acquired minority stakes in these companies. The investment in SIA S.p.A. has also been allocated to the PM Stragic Business Unit.

With regard to e-money service, as of 31 December 2019 the number of cards in issue is 28.7 million (28.8 million as of 30 June 2020), including prepaid cards (so-called **Postepay**), debit cards Postamat and credit cards. The stock of Postepay amounts to 21.5 million (21.7 million as of 30 June 2020). The payment cards transactions amount in 2019 to 1,439 million with a total value of Euro 33,062 million (an increase of 22.3% with respect to 2018). As of 30 June 2020, payment cards transactions amounted to 697 million with a total value of Euro 16,848 million (an increase of 15% with respect to the first half 2019).

In addition, as of 31 December 2019, PosteMobile had 4,2 million mobile lines (4,4 million as of 30 June 2020) with a total market share of around 4.2% (4.1% as of 30 March 2020) and 200,000 fixed lines (215,000

fixed lines as of 30 June 2020) with a market share of 5.6% in the residential SIM market (5.7% as of 30 June 2020) (Source: *AGCom, Osservatorio sulle Comunicazioni, no. 4/2019 and no. 2/2020*).

A distinctive product launched by PostePay is Postepay Connect, the offer that combines the card Postepay Evolution and the PosteMobile SIM. Postepay Connect allows customers to: (i) manage payment and telephone services quickly and intuitively thanks to the Postepay App; (ii) transfer data free of charge in real time from a PosteMobile Connect SIM card to another PosteMobile Connect SIM card (G2G); and (iii) transfer money between two Postepay accounts (p2p).

From May 2020, the online sales service of the Postepay Connect offer was launched. Thanks to the Postepay App, customers can proceed with the request for the offer in a completely digital way and, subsequently, after activating the Postepay Evolution Card and the PosteMobile SIM, easily manage their payment and telephony needs. In addition, in June 2020, with the aim of consolidating the distinctiveness of the Postepay Connect product on the market and further strengthening the SIM-Card integration, a new Postepay Connect offer ("Connect Back") with the exclusive cashback functionality was opened for marketing. Customers who subscribe to the new offer will be able to receive a monthly cashback discount credited directly to the Postepay Evolution Card for the Giga of the tariff plan not consumed.

In 2019, PostePay joined the temporary grouping of Poste Italiane and Postel, which, in implementation of the service entrusted to it pursuant to article 81, of Decree Law 112/2008 regarding the Carta Acquisti (Social Card), and in compliance with Decree Law 4/2019, issued and is managing the payment cards needed to benefit from the Citizens' Income and the Citizens' Pension. The process of issuing cards to eligible beneficiaries began in April 2019 and at 31 December 2019, over 1 million cards are being managed.

In December 2019, the new Postepay 2.0 App was released which, in addition to aggregating in a single ecosystem a series of payment services, has completely new graphics and innovative services such as: automatic and recurring top-ups of Postepay, international fund transfer in partnership with Western Union, integration of mobility services previously managed in the Postepay + App for the purchase of parking, fuel and tickets and contactless payment with Google Pay also for Postepay Standard cards as well as Evolution.

In the Acquiring area, in December 2019, a pilot initiative was launched to collect cash through a new QR code acceptance method called Postepay Code. The functionality in the Postepay app allows scanning QR codes directly into the app so as to return the payment option on screen and then proceed with the transaction. The new service also allows small merchants to collect payments arranged by the customer directly from their Postepay app, without the need to have a physical card acceptance device, the so-called Pos. The Postepay Code was activated in January 2020.

Also in the Acquiring area, following an agreement with Lottomatica - LIS Istituto di Pagamento, the bill payments acceptance service is operational for the approximately 54,000 points of sale in the LIS network. In addition, since January 2020, the channel has been active for remote sale by LIS of the physical Postepay POS acquiring service on the entire network of affiliated tobacconists.

With regards to collections, in December 2019, Postepay SpA joined the *PagoPA system*; its membership as a new-generation Payment Services Provider (**PSP**), i.e. a financial intermediary for payments made via the internet channel, with a view to PSD2 and alongside Poste, is aimed at intercepting all spontaneous payments to the Public Administration via digital solutions. In the Collections segment, as of January 2020, it is possible to pay tax collection notices (former RAV) through Poste, which channels them to the *PagoPA system*. In addition, in February 2020, the offer of APPs was expanded with payment of car tax.

With regard to telephony services, PosteMobile is active both in mobile telco services and in fixed line services. In the mobile segment, PosteMobile is focused on acquisition offers that build customer loyalty over time with an omnichannel selling proposition both on physical and online channels. In the fixed line segment, in 2019 and 2020 PosteMobile has expanded its range of services with two new plans: "*PosteMobile Casa*

Internet", and "*PosteMobile Casa web*". With these plans PosteMobile covers the entire Broadband market, addressing a new target, young and smart, complementary to that presided by the Post Office.

As part of the strategy of consolidating fixed line telecommunications services and expanding the range of offerings aimed at the consumer and business market, PostePay signed an agreement on 23 July 2020 with Open Fiber and one with TIM to bring advanced Internet connectivity solutions to individuals and businesses by providing the country with fiber optic services using ultra-broadband technologies. The agreements with Open Fiber and TIM will strengthen the Group's ability to respond more effectively to the different needs of customers, confirming the central role of Poste Italiane in the process of digitisation and economic development of the country.

To offer Internet connectivity solutions, PostePay has obtained from MED the authorization to operate as an electronic communications provider.

In December 2019, Poste Italiane signed agreements for the establishment of a strategic partnership with the Swedish company Tink AB, one of the leading Open banking platforms in Europe. As part of these agreements, in March 2020, Postepay S.p.A. completed the subscription of a capital increase in Tink AB (stake 5.1% in the issued share capital or 4.8% on a fully diluted basis, with an investment of approximately Euro 20 million). In addition, in June 2020, PostePay participated in a new capital increase in Tink AB keeping the stake unchanged (for an investment of Euro 0.63 million).

In June 2020, PostePay entered into agreements for the establishment of a strategic partnership with Volanté Technologies Inc (**Volanté**), a US company specialising in the development of technological solutions underlying payment processes. In addition to the provision to Poste Italiane under perpetual license of the Volpay payment platform for enabling instant bank transfers (SEPA Credit Transfer Instant) and support services for the development of advanced payment systems based on QR Code technology, these agreements also provide for the launch of a long-term strategic collaboration aimed at developing new solutions in the world of payments to enrich the Poste Group offer to customers. As part of these agreements, Postepay also adhered to a capital increase in Volanté.

3. Financial Services

The Financial Services strategic business unit of Poste Italiane offers current accounts and payment services (including pensions and the collection or disbursement of payments for third parties), investment products (mainly postal savings products distributed on behalf of CDP) and financing services such as mortgages and personal loans branded BancoPosta and issued by third parties whereas the payment services (e.g. *bollettini*), are managed in outsourcing by PMD (see "2. *Payments and Mobile*", above).

BancoPosta's operations consist of the services listed in Presidential Decree 144, as amended,[3] namely:

- collection of savings from the public in accordance with article 11, paragraph 1, of Legislative Decree No. 385 of 1 September 1993, as amended (the **Banking Act**), and all related and consequent activities;
- collection of savings through postal securities and deposits;
- provision of payment services, including the issuance of e- money and other means of payment pursuant to article 1, paragraph 2, letter f), numbers 4) and 5), of the Banking Act;
- currency exchange services;

[3] The list of services which may be carried out by BancoPosta has been enhanced by Law No. 221 of 17 December 2012, that amended Presidential Decree 144, as illustrated in "*Regulatory Framework – Financial Services*" below.

- promotion and placement to the public of loans issued by licensed banks and financial brokers;
- investment and related services pursuant to article 12 of Presidential Decree 144;
- debt collection services; and
- professional gold trading on own behalf and on behalf of third parties, in accordance with Law No. 7 of 17 January 2000.

These activities, initially performed by BancoPosta as a business division and regulated since 2001 by Presidential Decree 144 of 14 March 2001 (**Presidential Decree 144**), have been developed according to a business model able to offer to customers a full range of products and services, without the need of a banking licence. Although Presidential Decree 144 explicitly prohibits BancoPosta (*attività di BancoPosta*), currently carried out by Poste Italiane through BancoPosta RFC, from engaging in lending activities *vis-à-vis* the public, BancoPosta structures products and services and selects, if necessary, third parties to offer the same services both directly and indirectly to clients. BancoPosta has been subject to the supervision of the Bank of Italy since its creation in 2001. The main distinctive features of the Parent Company are currently: (i) an extensive territorial coverage offered by over 12,800 post offices; (ii) over 34 million customers of BancoPosta; and (iii) client assets totalling Euro 536 billion as at 31 December 2019 (Euro 548 billion as at 30 June 2020).[4]

Given the fact that Poste Italiane is a single legal entity, the Parent Company's general accounting system maintains its uniform characteristics and capabilities. The general principles governing administrative and accounting aspects of BancoPosta RFC are as follows:

- identification of transactions in Poste Italiane's general ledgers relating to BancoPosta's ring-fenced operations which are then extracted for recording in BancoPosta's separate ledger;
- allocation to BancoPosta RFC of all relevant revenues and costs. In particular, the services rendered by the different functions of Poste Italiane to BancoPosta RFC are exclusively recorded as payables in BancoPosta's separate books, in special accounts, and subsequently settled;
- settlement of all incoming and outgoing third-party payments by the Poste Italiane's Chief Financial Officer;
- allocation of income taxes based on BancoPosta RFC's separate income statement after adjusting for deferred taxation; and
- reconciliation of BancoPosta's separate accounts to Poste Italiane's general ledger.

The following table includes a summary of the services provided to BancoPosta RFC by the Issuer's functions, with a brief indication of how the transfer prices are determined as at 31 December 2019.

Function	**Allocation key**
Post Office Network	Percentage of net income generated by product/service category
Information Technology	Fixed component: recharge of costs based on direct and indirect drivers Variable component: determined with reference to the maintenance of operating performance

[4] These amounts include postal savings deposits, the mutual investment funds marketed, Poste Vita's technical provisions and average current account deposits (average current account deposits include Long-Term RePos).

Back-office and Customer Care	Fees by professional role based on market benchmarks + recharge of external costs Market prices for similar services
Postal and Logistics Services	Prices for mail sent to customers and internal mail
Real Estate	Market prices with reference to floor space and maintenance costs
Legal Affairs	
Group Risk Governance and Security and Safety	Fees by professional role based on market benchmarks + recharge of external costs
Human Resources, Organisation	
External Relations	
Chief Financial Office	
Purchasing	
Internal Auditing	Fees by professional role based on market benchmarks
Anti-money Laundering	
Compliance	

Important Operational Functions Control Functions

The interest paid on the intersegment accounts between BancoPosta RFC and the Poste Italiane functions outside the ring-fence, used for settlements between the two entities, is the same rate paid by the MEF on the relevant Buffer account at the Euro OverNight Index Average (**EONIA**) rate.

The cost of the services rendered by Poste Italiane's functions outside the ring-fence and the revenue earned from the latter by BancoPosta, contribute to BancoPosta's results. The relevant transactions, profit and loss and balance sheet amounts generated by these relationships are only recorded in BancoPosta RFC's separate report. In Poste Italiane's comprehensive accounts, intersegment transactions are on the other hand removed and not presented. The accounting treatment adopted is like that provided for by the accounting standards regulating the preparation of the Group's consolidated financial statements.

The current account represents BancoPosta's core basic service for retail customers; over the years such service has been enriched by enhancements and benefits that make it comparable to the services offered by a bank.

In particular:

- the liquidity deriving from the current accounts of BancoPosta's private customers is mandatorily invested in Eurozone sovereign debt securities or up to a maximum of 50% of the total amount into securities guaranteed by the Italian State, in accordance with the provisions of the Italian Budget Law for the year 2007 – Law No. 296/2006. As at 31 December 2019, BancoPosta RFC's portfolio amounts to approximately Euro 52 billion (nominal value), of which Euro 48.2 billion is invested in Italian government bonds and Euro 3.8 billion is invested in securities guaranteed by the Italian state issued by CDP (as at 30 June 2020, BancoPosta RFC's portfolio amounts to approximately Euro 57 billion (nominal value), of which Euro 53.2 billion is invested in Italian government bonds and Euro 3.8 billion is invested in securities guaranteed by the Italian state issued by CDP) . A percentage of funds

deriving from private deposits may be placed in a special "Buffer" account with the MEF with the objective of ensuring flexibility with regard to investments in view of daily movements in amounts payable to current account holders. These deposits are remunerated at a variable rate calculated at the EONIA rate;

- the liquidity deriving from the current accounts of the Public Administration, according to Law No. 266 of 23 December 2005, is deposited with the MEF and remunerated at a variable rate of interest that can be revised every month based on a basket of market indices. As at 31 December 2019, the amount of such liquidity is approximately Euro 7.1 billion (Euro 6.2 billion as at 30 June 2020);

- at the end of 2019, the total number of private and public sector customers' current accounts was equal to approximately 6.3 million, with a yearly total average deposit equal to Euro 61.9 billion (Euro 65.4 as at 30 June 2020). The private customer deposits include repurchase agreements of Euro 7 billion entered into with primary counterparties; and

- in April 2020, the Boards of Directors of CDP and Poste Italiane approved a committed line of credit for BancoPosta for a maximum of Euro 4.25 billion (having a total duration of thirty-six months), with a view to possibly diversify BancoPosta's sources of funding.

On 14 December 2017, Poste Italiane entered into a new agreement with CDP for the three-year period 2018-2020, regarding the placement by Poste Italiane of postal savings bonds and postal saving passbooks (*buoni fruttiferi postali e libretti postali*) on behalf of CDP. Moreover, this new agreement sets out a new mixed compensation mechanism:

- for postal savings passbooks (*libretti postali*), a 0.52% commission on the average stock shall continue to be guaranteed;

- for postal savings bonds, a running fee of 0.52% is granted for postal saving bonds with a maturity of 20 years (i.e. ordinary postal bonds) and postal saving bonds for minors (i.e. customers under eighteen years old). With respect to shorter-term bonds, an upfront fee of 1.45% for bonds with a maturity below or equal to 3 years has been introduced, as well as an upfront fee of 1.95% for bonds with a maturity above 3 years. In both cases, such fees shall apply to the total collected nominal amount; and

- a floor of Euro 1.55 billion and a cap of Euro 1.85 billion have been introduced with respect to the total compensation.

Moreover, specific budgets are allocated for initiatives concerning the promotion of postal savings products and the development of new technological solutions related to the selling of postal saving passbooks and postal savings bonds.

At the end of 2019, the collection of postal savings amounted to Euro 310.3 billion (329.0 billion including accrued interests), of which Euro 104.1 billion (101.8 billion including accrued interests) was related to postal savings passbooks (*libretti postali*) and Euro 206.2 billion (227.2 billion including accrued interests) to postal savings bonds (*buoni fruttiferi postali*). The total compensation of Poste Italiane for 2019 was equal to Euro 1,799 million.

In terms of loans provided to private customers by external partners, in 2019 a number of promotions were run for specific categories of customer, type of product or interest rate and/or purpose, supported by advertising campaigns that allowed relaunching the employee loans and mortgage products.

With regard to asset management, the distribution of new mutual investment funds has begun in 2019 as a result of the partnership with Anima SGR and Eurizon Capital SGR (a wholly owned subsidiary of Intesa Sanpaolo), acting as delegated fund managers.

With regard to assets under custody, Poste Italiane participated in 2019 in both the consortium for the placement of the new bond issued by CDP dedicated to retail customers and in the placement of the fifteenth issue of "BTP Italia", a MEF security indexed to Italian inflation.

As part of the programme for the digital transformation and acceleration of Poste Italiane's service model, a partnership with Moneyfarm has been set up in order to offer an asset management placement service for Poste Italiane customers, accessible exclusively through a special area on the website www.poste.it (see below "*Key events during 2019 and the first half of 2020*" for details).

In the Delegated Services area, in 2019, a three-year agreement for the pension payment service in Italy on behalf of INPS and the non-pension benefits payment service was signed.

Poste Italiane's other subsidiary in the Financial Services strategic business unit

BancoPosta Fondi is a Group asset management company (*società di gestione del risparmio*) which establishes and manages BancoPosta funds and markets third-party funds and corporate investment portfolios activities. As of 31 December 2019, the collective investment funds distributed through the national network of post offices have assets amounting to Euro 9 billion.

The Group has a long-term partnership with Anima Holding (in which Poste Italiane holds a 10.35% interest), pursuant to which Anima Holding has been delegated to manage the retail funds established by BancoPosta Fondi and the assets underlying Poste Vita's Class I and III insurance products.

Additionally, as of 1 January 2019, BancoPosta has outsourced its investment management activities to BancoPostaFondi. As a result, BancoPosta Fondi has become a competence centre for the management of the Group's financial investments.

4. Insurance Services

The Insurance Services strategic business unit consists of the insurance group (the **Poste Vita Group**) registered in the Register of Insurance Groups with number 43. The Poste Vita Group is composed of the parent company Poste Vita (a wholly-owned subsidiary of Poste Italiane) and its wholly-owned subsidiaries Poste Assicura and Poste Welfare Servizi (not part of the "insurance group"), in order to enhance the individual and collective offer in the health sector. On 12 April 2019, Poste Assicura established Poste Insurance Broker Srl, an insurance brokerage company, to operate as a distributor and insurance and reinsurance broker.

Poste Vita is enrolled in the Register of Insurance Companies with number 1.00133, is part of the Group and is subject to the direction and coordination activity of Poste Italiane.

The Poste Vita Group operates in the life and non-life insurance sectors. In particular, Poste Vita is authorised by IVASS to carry out insurance business relating to life classes I, III, IV, V and VI (*rami vita I, III, IV, V e VI*) and the reinsurance business relating to class I (*ramo I*) pursuant to IVASS Resolutions No. 1144 of 12 March 1999, No. 1375 of 20 November 2000 and No. 2987 of 27 June 2012. According to IVASS Resolution No. 2462 of 14 September 2006, Poste Assicura is authorised to carry out activities in the damage, health and accident lines of business.

Poste Assicura, which began operating in April 2010, is authorised to sell non-life insurance policies providing personal injury cover and medical insurance, general liability insurance, fire and other damage insurance, care insurance, legal protection and financial loss insurance. The range of products has been divided into two principal lines: personal protection and property protection.

Poste Welfare Servizi operates in the IT sector, offering various services, including managing claims on behalf of, among others, private health funds offering private health coverage. Poste Welfare Servizi also designs, develops and maintains management software and supplies IT professional services.

Poste Vita, which distributes its products through Poste Italiane's extensive network, has reached a leading market position, being the first insurance company in terms of life insurance premiums issued in Italy in 2019 (gross premium revenues of Euro 17.7 billion in 2019) with a market share of approximately 14.7% (source: ANIA, Italian Insurance Companies Association).

Revenues from Insurance Services strategic business unit grew to Euro 1,669 million in 2019, an increase of 13.5% compared to 2018 mainly due to the growth in financial assets in the Life business and higher premiums in the Property & Casualty business (**P&C**). P&C revenues amount to Euro 158 million in 2019, up 17.4% compared to the previous year, fully in line with the ongoing diversification of the Group's insurance offer envisaged within *Deliver 2022*. Operating profit for the year ended 2019 was Euro 1,006 million, overperforming the *Deliver 2022* target. The Business Unit closed with a net profit of Euro 737 million, down 26.4% compared to Euro 1,001 million in the previous year, which however benefited from an extraordinary tax component of Euro 385 million (net of this effect, net profit for 2019 was up 16% compared to the previous year). The life insurance business generated net premium revenue of Euro 3.9 billion, down compared with 2018 as a result of an increase in policy expirations (up Euro 2.9 billion compared to the previous year). The surrender rate recorded in 2019 was 2.85%, substantially in line with 2018 and below the market value which remains above 6%. Net technical provisions amount to Euro 140 billion.

The Insurance Group's Solvency Ratio at 31 December 2019 stood at 276% (312% after the application of transitional measures on technical provisions, following the approval by the supervisory authority in August 2019), up from 211% at December 2018 (+65 p.p.) mainly due to the evolution of the market scenario (positive effect on the Own Funds for Euro 1,890 million versus an increase in the Solvency Capital Requirement of Euro 231 million). The increase in the Own Funds reflects IVASS's authorisation to use the Ancillary Own Funds (Euro 1,750 million granted by Poste Italiane in November 2018 for 5 years) in the calculation of the Available Capital. It should also be noted that Poste Vita introduced the use of transitional measures on technical provisions following the approval by the supervisory authority in August 2019. The application of these measures resulted in a decrease in the Solvency II technical provisions of Euro 1,908 million before tax, resulting in an increase in eligible own funds of Euro 1,320 million. This trend, having no impact on the value of the capital requirement, allowed the Solvency Ratio to increase by 36 p.p. to 276% (312% including transitional measures on technical provisions) at 31 December 2019.

Results for the half-year 2020 were penalised by the pandemic and the lockdown, mainly reflected in the performance in the second quarter, with revenue down in both the life and non-life insurance businesses, partially mitigated by the recovery in June. The Insurance Services Strategic Business Unit generated EBIT of Euro 435 million in the first half of 2020, down -4.3% on the same period of the previous year (Euro 454 million). External revenue went from Euro 795 million in the first half 2019 to Euro 739 million in 2020 (-7.2%), essentially due to the performance of the life business, which contributed Euro 664 million, whilst the non-life business contributed Euro 70 million, net of Poste Welfare Servizi revenue and other revenue. The Insurance Group's capital solidity is confirmed, with a Solvency ratio that exceeds both regulatory constraints and managerial ambition.

In a market context of extreme volatility and uncertainty, the Insurance Group's Solvency Ratio at 30 June 2020 was 216%, down from 276% at December 2019 (-60 p.p.) and continues to remain at higher levels than the regulatory constraints.

The change in the half-year is due to the reduction in available own funds due to the increase in technical provisions, following the negative dynamics of the financial markets with a reduction in interest rates and the higher value of minimum guarantees held by policyholders.

Given the unfavourable market context, there was also an increase in the capital requirement, due to the higher capital absorption required for market and counterparty risks, only partially offset by the lower technical life risks associated with the lower value of the redemption capital due to the market trend.

The inclusion of the transitional measures on technical provisions approved in 2019 has resulted in an increase in eligible own funds allowing an increase in the Solvency Ratio to 250% at 30 June 2020 (312% at 31 December 2019).

Regulatory Framework

Mail, Parcels and Distribution – recent history and current framework

Since the beginning of the 1990s, the postal service has been subject to major regulatory changes at the European level, leading to a gradual transformation from a pure national monopoly to a new legal framework entailing market competition, while ensuring the provision of basic services on the whole territory and with certain quality levels (the **Universal Postal Service**). Directive No. 97/67/EC of the European Parliament and of the Council (the **First Postal Directive**), implemented in Italy by Legislative Decree No. 261 of 22 July 1999, was the first step towards the liberalisation of the European Union postal market, defining the characteristics of the Universal Postal Service and the mail services still reserved to the Universal Postal Service provider. In June 2002 the First Postal Directive was amended by Directive No. 2002/39/EC of the European Parliament and of the Council (the **Second Postal Directive**), implemented in Italy by Legislative Decree No. 384 of 23 December 2003, that further reduced the scope of the business area reserved to the Universal Postal Service provider, in order to lower entry barriers into national markets. Finally, in February 2008, the Council and the European Parliament adopted Directive No. 2008/6/EC (the **Third Postal Directive**), which fully liberalised the postal market. These three directives can be collectively referred to as the **Postal Directives**.

The Third Postal Directive was implemented in Italy by the Consolidated Financial Act, as amended on 31 March 2011, which renewed Poste Italiane's entrustment with the provision of the Universal Postal Service for 15 years, until 30 April 2026, subject to periodic assessments by the MED. As from 1 June 2012, the Consolidated Financial Act was amended to exclude direct mailing from the scope of the Universal Postal Service, while keeping, for reasons of public security, the right to provide postal services relating to the notification of judicial acts exclusively to the Universal Postal Service provider. The Consolidated Financial Act also amended the criteria used to assess the net cost of the Universal Postal Service, which has to be calculated as the difference between the net result of the designated service provider subject to Universal Postal Service obligations and the net result of a hypothetical player operating without such obligations. It also established that the net cost of the Universal Postal Service provision has to be funded through the State compensations specified in the multi-annual Poste-MED Programme Agreement signed between the MED and the Issuer (currently covering the period 2020-2024), as well as through a compensation fund to which other postal operators have to contribute.

The Poste-MED Programme Agreement currently in force was signed on 30 December 2019; it provides a comprehensive framework regulation for the provision of the Universal Postal Service for the years 2020-2024. The Agreement has been notified on October 16, 2020 by Italian Authorities to the EC Commission under the EU State Aid rules and it is expected to be cleared within by the end of 2020.

Additional modifications to national postal law (Law No. 261/99) have been introduced by the 2015 Stability Law (Law No. 190/2014) and the 2018 Budget Law (Law No. 205/2017, the 2018 Budget Law). Details are provided in the following section.

The MED provided regulatory oversight of postal services in Italy until the end of 2011, when the national regulator for telecommunications, media and postal services, AGCom, took this role pursuant to Law No. 241 of 22 December 2011. The MED, in order to safeguard certain fundamental rights of users, still retains the power to authorise the provision of postal services under Regulation No. 129/15/CONS approved by AGCom. This Regulation also introduced reforms to the process for awarding authorisations aimed at achieving greater protection for customers by improving the quality of services offered, by providing commercial information to customers and greater protection for postal sector workers. Regulation No. 129/15/CONS requires a licence to be obtained for the provision of services included in the scope of Universal Postal Service and an

authorisation, issued through a silent consent mechanism lasting 45 days, for the supply of non-universal services. The MED may, at AGCom's request, revoke authorisations already assigned in the event of serious breaches of obligations related to the provision of postal services. Based on the latest information publicly available on the MED's website,[5] on 21 February 2020 there were about 3,000 postal operators in Italy, holding approximately 4,500 licences and general authorisations, that are, with few exceptions, small organisations with modest market shares.

AGCom also oversees compliance with the Universal Postal Service mail delivery performance and postal counters availability with minimum quality levels and may impose penalties on the Issuer in case of non-compliance. In case of serious breaches, penalties may include the revocation of the assignment of Universal Postal Service provision. AGCom also utilises third parties for the verification of mail quality on a statistical basis, in accordance with European Union technical rules. AGCom set general technical rules for the provision of Universal Postal Services with resolution No. 385/13/CONS, including obligations to inform consumers and competitors, in terms of access, quality and prices, of relevant services and to apply non-discriminatory conditions to any of them. With regard to the availability of access to network, the two Decrees of the MED of 28 June 2007 and 7 October 2008, together with AGCom resolutions No. 293/13/CONS and 342/14/CONS, establish standards in relation to the distribution on the Italian territory of post offices and letter boxes and in relation to the minimum opening times of post offices. With Resolution 331/20/CONS of July 22, 2020, AGCom has defined further quality standards of the universal postal services with respect to the continuity and reliability of the services provided in the post offices.

Under the Postal Directives, the Universal Postal Service consists of services provided on a permanent basis throughout Italy, even if addressed to or originating abroad, with defined quality levels and prices that are affordable to consumers. The Universal Postal Service includes: (i) the collection, transport, sorting and delivery of mail weighing up to 2 kg; (ii) the collection, transport, sorting and delivery of parcels weighing up to 20 kg; and (iii) services related to registered and insured letters and parcels. The services included within the Universal Postal Service in Italy as at the date of this Base Prospectus are: ordinary mail, priority mail, bulk mail, registered mail, insured mail, legal notifications, mailings of publications, ordinary parcels, printed items products and ancillary postal services in connection with the foregoing services, such as the notice of receipt of registered mail and payment on delivery. The postal services that are not included under the aforementioned list or under the AGCom resolution No. 385/13/CONS do not fall within the Universal Postal Service and therefore their prices are subject to VAT. The prices of the Universal Postal Service are regulated by AGCom through a wide range of price control mechanisms, which include the pricing principles set by directives and national postal law. The majority of these price mechanisms are set by resolutions No. 728/13/CONS and 396/15/CONS. In general terms, prices are set in accordance with a series of criteria including affordability for consumers (achieved through correlation with costs of provision), transparency and non-discrimination, not precluding the supplier's right to enter into individual agreements with clients. In particular, under AGCom resolution No. 728/13/CONS, as amended by resolution No. 396/15/CONS, the Issuer is entitled to set, in accordance with criteria of fairness and reasonableness and not on the basis of pre-established maximum limits, the prices of services for businesses' mail, priority, insured mail and ordinary parcel products. Individual mailings of ordinary, registered mail and judicial acts notifications are subject to maximum rate caps. Any change in Universal Postal Service prices is subject to prior notification by the Issuer to AGCom at least 90 days in advance. Within 60 days from the notification, AGCom may request amendments or even reject the proposed price changes in case of non-compliance with the above-mentioned criteria. If AGCom does not to request any amendments, the Issuer is authorised to apply the changes to the relevant prices, provided that such new prices are communicated to customers 30 days in advance. Universal postal prices are exempted from VAT (VAT Directive).

The provision of the Universal Postal Service may lead to an unavoidable loss, also referred to as the Cost of Universal Postal Service (**CUS**). The CUS is calculated on an annual basis by the supplier of the Universal Postal Service and verified by AGCom, which also determines the means of its funding. The compensation to

[5] MED Official Website: https://www.mise.gov.it/images/stories/documenti/elenco-operatori-postali-21-02-2020.pdf

cover the CUS is determined *ex ante* under the Poste-MED Programme Agreement for the supply of the Universal Postal Service signed between the Issuer and the Italian State. The amount of such compensation is verified in advance by the European Commission in accordance with the legal framework on State aid and, if the outcome is positive, the European Commission authorises the disbursement of the compensations. The compensation is provided by public funds and a special compensation fund financed by the Issuer's competitors. The compensation fund is managed by the MED and funded by the Parent Company's competitors, who provide services that are a substitute for the Universal Postal Services, with a portion of the gross turnover that refers to the supply of such services. The activation of the compensation fund is subject to prior authorisation by the European Commission, in the light of its effect on market competition.

AGCom has verified the net cost of the Universal Postal Service as provided by the Parent Company for the years 2011 and 2012, pursuant to resolution No. 412/14/CONS. In both 2011 and 2012, there was a marked difference between the value of the CUS calculated by the Parent Company and the value verified by AGCom, by virtue of several differences in the methodology applied that could affect also future assessments. For this reason, the Parent Company challenged such resolution before the relevant administrative court. The Issuer's main competitor filed a similar complaint, although it claimed an excessive amount of CUS. The judgement on both disputes is still pending.

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 and the applicability of the mechanism for allocating such cost. Specifically, AGCom has assessed the net cost for 2013 and 2014 to be respectively Euro 393 million and Euro 409 million. AGCom has also determined that the net cost for providing the Universal Postal Service for 2013 and 2014 was unfair and that the compensation fund to cover the cost for these years, pursuant to art. 10 of Legislative Decree 261/1999, has not been established. With regard to the method used to calculate the net cost, on 6 November 2017 Poste Italiane lodged an appeal against this resolution with the Lazio Regional Administrative Court.

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

On 7 June 2019, with Resolution 215/19, AGCom has also opened the procedure for the evaluation of the net cost for the years 2017 and 2018, which was further extended – on July 8, 2020 – to the year 2020. The procedure is currently pending.

Mail, Parcels and Distribution – recent amendments to the Universal Postal Service and the Poste-MED Programme Agreement

According to the Postal Directives, the supplier of the Universal Postal Service provides for collection and distribution services at addresses at least five days per week, except when exceptional infrastructural or geographical situations occur. The 2015 Budget Law introduced a series of reforms for the provision of the Universal Postal Service to ensure a more efficient and economically sustainable provision of services, while taking into account the changing needs of Italian consumers, including the rapid growth in the use of electronic communications. These measures concern the possibility of the Universal Service Provider implementing alternate-day delivery for up to 25% of the population coverage, the introduction of an ordinary mail service alongside the priority one and the set up of the ordinary mail service's quality level at for "J+4" (delivery four days after collection).

On the basis of the 2015 Budget Law, AGCom's resolution No. 395/15/CONS authorised Poste Italiane to implement, by early 2015, a new mail delivery model, based on a delivery frequency on alternate days instead of the current daily delivery, intended for around 25% of the Italian population living in less densely populated areas. The regulator retained the power to stop the implementation of the new delivery model or condition the

implementation on the introduction of corrective measures, in case of service disruption, failure to achieve planned cost savings or serious concerns raised by the European Commission. With resolution 395/15/CONS, AGCom authorised the gradual implementation, in three phases, of an alternate-day delivery model for mail within the scope of the universal service.

Following the implementation of the first two phases of the model, involving approximately 2,600 municipalities and 16 Italian regions, the third and final phase was launched on November 2017, which involves a further 2,500 municipalities in 18 regions. The reform of the delivery model is now completed with the end of the third phase, in March 2019, involving approximately 5,000 municipalities. On 20 July 2020, the Parent Company submitted to AGCom and the EU Commission the Annual Report on the new delivery model.

In addition, in accordance with the abovementioned resolution, Poste Italiane has developed a new formula for the distribution of printed publications with AGCom. This will cover the delivery of publications to subscribers in part of the areas where the alternate day delivery model is being implemented.

Appeals against this resolution were lodged before the Lazio Regional Administrative Court, but were later withdrawn, resulting in the cancellation of the related proceedings.

Law 124/2017 came into force on 29 August 2017. Law 124/2017 provides for the repeal, starting from 10 September 2017, of article 4 of the Legislative Decree 261/1999 and amendment of the related articles, removing the exclusive right to offer services relating to the legal process and the notification of violations of the Highway Code (*Codice della Strada*) (article 1, paragraph 57). Law 124/2017 also sets out that the issue of an individual licence to provide such services must be subject to specific requirements and obligation of security, quality, continuity, availability and provision of the services. In this regard, AGCom issued resolution 77/18/CONS (20 February 2018) that sets out the regulations governing the issue of the abovementioned licences. The MED have adopted the implementing regulations by Decree dated 19 July 2018, published on Official Gazette no. 208 of 7 September 2018.

Law 205 of 27 December 2017 (the 2018 Budget Law) and Law 145 of 30 December 2018 (the 2019 Budget Law) introduced changes to text of Law 890 of 20 November 1982, regarding the delivery of legal process and notifications of violations of the Highway Code by post.

According to the new regulatory framework governing these services, AGCom with Resolution 155/19/CONS, published on May 14, 2019, adjusted the current regulation (Deliberations No. 77/18/CONS, 285/18/CONS and 600/18/CONS) to the provisions introduced by the 2019 Budget Law. In February 2020, the Ministry of Justice adopted certain 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.

On 3 June 2019, the Authority also started a procedure to evaluate the possibility of extending to retail clients the application of a tariff for notification services consisting of the delivery component and a flat-rate payment for communications connected, already adopted for large customers. In addition, AGCom issued resolution No. 396/15/CONS, setting new quality targets and new tariffs for postal services included within the Universal Postal Service and reintroducing ordinary mail as a basic service for individuals. In relation to applicable prices, AGCom resolution No. 396/15/CONS stated that ordinary mail price is subject to a price cap regime, with possibility to raise the prices in a way that is inversely proportionate to the decline in volumes. For priority mail, the Issuer is instead bound to apply only fair, reasonable and non-discriminatory prices. As regards the quality of service, resolution No. 396/15/CONS establishes that 90% of Universal Postal Service mail deliveries, including ordinary mail, have to be achieved by the fourth day after the item is accepted in the postal network, against the previous 3 days. For priority mail, at least 80% of mailings must be delivered by the first available day after acceptance, measured as the "useful" business days allowed for the implementation of the alternate day delivery model.

In the above-mentioned resolution no. 396/15/CONS, AGCom announced a separate regulatory initiative to amend the current regulation on access to Poste Italiane's network for competitors foreseen by Art. 6 of resolution no. 728/13/Cons. The new regulatory framework on access finally come out from:

- Resolution no. 385/17/CONS, which introduced alongside the pre-existent general obligation to negotiate with competitors under fair and reasonable terms the provision of cost-oriented access for monopoly areas; and

- Resolution no. 452/18/CONS, which introduced a "price test" for Poste Italiane's business offers to prevent margin squeeze.

In the same context, AGCom also introduces a new regulation for the restitution to alternative operators of misdirected letters found in the universal collection network (Resolution no. 553/18/CONS).

On 20 July 2020, AGCom launched a proceeding for the possible revision of the criteria for the definition of the so-called "areas EU2", pursuant to Resolution 385/17. Such are the areas in which there is no alternative network to Poste Italiane's own network, therefore, this regulation is relevant for the topics of access to the postal network and replicability of wholesale commercial offers.

AGCom has also recently launched new consultations on both the parcel markets and the letter markets. Resolution 350/19 of September 2019 on the parcel market is aimed at analysing the competition dynamics on the market. An interim report was published in July 2020 (Resolution 212/20). As to the letter markets, with Resolution 330/20 of July 2020, AGCom is consulting on the competition dynamics of the markets and on the possible revision of tariffs for some Universal Postal Service products. The latter consultation is currently on-going.

The reforms on network density and frequency, Service Level Agreements "SLAs" and product portfolio have also been implemented in the Poste-MED Programme Agreement, which includes rules for the provision of the services falling within the Universal Postal Service, the related quality standards and the compensation covered by public funding. The 2015 Budget Law (law no. 190/2014) brought changes to the procedures that were followed in previous years, including: (i) a 5–year term for the Poste-MED Programme Agreement, rather than the previous 3–year term (see above on the new Programme Contract 2020-2024); (ii) a cap of Euro 262.4 million as the maximum annual amount of State compensation for the CUS, subject to verifications by AGCom; and (iii) the possibility of introducing measures with reference to the procedures and delivery frequency of the Universal Postal Service. Law Decree 244/2016 (the so-called "*Mille Proroghe*" decree), converted with amendments into Law 19 of 27 February 2017, has extended the provision of subsidies for postal services introduced by the interministerial Decree of 21 October 2010, for publishing houses and non-profit organisations registered in the Register of Communications Providers (ROC), and has also restored, from 1 January 2017, the government subsidies introduced by Law 46 of 27 February 2004. The Decree also confirmed the subsidised tariffs for promotional mailshots by non-profit organisations.

Publisher tariff subsidies relate to the amount to be received by Poste Italiane from the *Presidenza del Consiglio dei Ministri – Dipartimento dell'Editoria* (Cabinet Office – Publishing department) as compensation for the discounts applied to publishers and non-profit organisations when sending mail. The compensation is determined on the basis of the tariffs set out in the decree dated 21 October 2010 issued by the MED, together with the MEF, and the Law Decree 63 of 18 May 2012, as converted into Law 103 of 16 July 2012. The subsidies for the years 2017-2019 have been approved by the European Commission in July 2019 (Decision C(2019) 5255 final) . In August 2019, the Italian Authorities started the notification procedure to the European Commission of the amount of State contributions to support the subsidies for editorial tariffs envisaged by the budget laws, for the years 2020-2026, in order to verify the compatibility with European legislation on State aid.

The duration of the compensation system is, currently, about 6 years (until April 2026) and the maximum total amount of compensation amounts to Euro 57,531 million for 2017, Euro 59,324 million for 2018, Euro 54,889 million for 2019, Euro 53,122 million for 2020, Euro 53,239 million for 2021 and Euro 52,510 million for 2022. The compensation, accrued by Poste Italiane during 2017, for the discounts applied to publishers amounts to Euro 42 million, for 2018 the total compensation amounts to Euro 62 million and Euro 59 million in 2019 (thanks to an increase in the tariffs set by AGCom).

Under the 2018 Budget Law, a new prescription regarding the Universal Postal Service has been introduced, allowing MED and Poste Italiane to introduce in the next Poste-MED Programme Agreement: (i) the provision of a specific delivery service for parcels up to 5 Kg; (ii) the possibility for local authorities to widen the scope of postal services provider by Poste Italiane locally.

As of 22 May 2018, in addition to the Postal Directives, the Parent Company is also subject to the provisions of Regulation (EU) 2018/644 of the European Parliament and the Council on cross-border parcel delivery services. According to the new regulation, all parcel delivery providers have to provide to their national authorities information every year about the characteristics of their services and, where possible, a detailed description of their services including general terms and conditions, claims and potential limitation of liability, turnover, number of employees, number of parcels handled, names of their subcontractors and any publicly accessible price list for parcel delivery services. Providers with fewer than 50 employees are exempted from such requirements, but national authorities can lower the threshold to 25 or include in this number the employees of a provider's sub-contractors.

In addition, by 31 January of each calendar year, all cross-border parcel delivery service providers falling within the threshold have to provide their national regulatory authority with the public list of tariffs applicable on 1 January for the delivery of single-piece postal items (other than items of correspondence), listed in a relevant annex. Furthermore, based on the above–mentioned public list, the national authorities are required to identify tariffs that are subject to universal service obligations and that they consider to be unreasonably high. They are then required to objectively assess these tariffs, taking into account elements such as domestic and other relevant tariffs, bilateral volumes, costs and quality standards and, where possible, the likely impact on the individual and SME users, disabled persons and people living in remote areas. Abuses of dominant market position and specific price regulation under national legislation can also be considered. The exact methodology for such assessment will be determined by the European Commission. Furthermore, the new regulation requires that all traders concluding sales contracts falling within the scope of Directive 2011/83/EU (including cross-border delivery services) shall give more information to consumers about their delivery options, their charges and on complaints handling policies at pre-contractual stage.

Since early 2019, the European Commission has provided a form for gathering such required information and has published the tariffs charged. Since the end of 2019, the European Commission has provided guidance for tariffs assessment for the national regulators. In the meantime, Member States have started to lay down the rules on penalties applicable in case of infringements of the Regulation and the measures for their implementation.

Regarding the international legal framework, Poste Italiane, is subject to the provisions of the Universal Postal Union Convention, which aims at harmonising the supply of postal services. The Universal Postal Union Convention is the official agreement of the Universal Postal Union (UPU) setting out provisions on the supply of parcel and mail delivery services at the transnational level. The Universal Postal Union Convention also defines the Terminal Dues, i.e. the remunerations due to designed operators of destination countries for distributing and delivering in their own territory inbound cross-border postal items. More specifically, the designated postal operator of the destination country is compensated, based on its own quality of service performance, by the relevant postal operator of the sending country for delivery of their cross-border mail items. The most recent Congress was extra-ordinarily held in Geneva in 2019; the agreements approved entered into force on 1 January 2020, introducing a self-declared system aimed at ensuring sustainable cross-border postal exchanges.

The Parent Company also signed, in 2016, the IRA-E (Interconnect Remuneration Agreement – Europe) entered into force by the main European suppliers of postal services in the context of the International Post Corporation. This agreement provides for a system of terminal dues (TDs) based on the cost and quality of the services provided by the postal operators. Poste Italiane entered into this agreement in 2017. In particular, under the IRA-E Agreement, the TDs are calculated in terms of percentage of the internal rates in the country of destination.

Payments, Mobile and Digital

The regulatory framework for payment products and services is mainly represented by:

- Italian Banking Act: "*Decreto Legislativo N. 385/1993, Testo Unico Bancario*";
- Banca d'Italia Supervisory Instructions on banking transparency: "*Provvedimento della Banca d'Italia del 29 luglio 2009, Trasparenza delle operazioni e dei servizi bancari e finanziari. Correttezza delle relazioni tra intermediari e clienti*";
- Single Euro Payments Area (**SEPA**) regulation: Regulation (EU) n.260/2012 establishing technical and business requirements for credit transfers and direct debits in Euro (SEPA Credit Transfer/SCT and SEPA Direct Debit/SDD) transposed with "*Provvedimento Banca d'Italia del 12/02/2013*"; and
- European Directive 2015/2366 relating to payment services in the internal market (Payment Service Directive 2, so-called **PSD2**).

In particular PSD2 has been implemented in Italy by "*Decreto Legislativo 218/2017*" that amended the former PSD Directive (2007/64/CE); the creation of a "single payments area" in Europe has resulted in the restructuring of and innovation in the payments market, enhanced by the implementation of the PSD2, which has also increased the level of competition. The principal changes introduced by PSD2 regard:

- the opening up of the market to greater competition, resulting in the launch of new forms of payment and new market entrants (PSPs – Payment Services Providers), resulting in an improved offering;
- the enhancement of protections for digital payments in terms of security, data protection and authentication (from 14 September 2019 will be applied also the PSD2 requirements for authenticating online payments –so called "strong customer authentication requirements" – that will enforce security and fraud prevention).

As a provider of electronic communications services, PostePay offers specific premium rate voice and digital content services (including tickets and charity donations), charging customers via their prepaid credit or via their postpaid monthly bill.

From 2019, this activity is subject to an yearly notification to the Bank of Italy that includes the following information: (i) service categories that can be purchased, (ii) the total amount of the payment operations, (iii) description of the service provision, (iv) actual application of the limits and (v) control measures foreseen by the PSD2. The notification is then certified by an external advisor.

During the Covid-19 pandemic, together with its host mobile network operators, PostePay has implemented a number of measures to increase its mobile network capacity to cope with the surge in traffic demand, to guarantee service continuity to its customers and to fulfill AGCom recommendations on the matter. PostePay provides AGCom with weekly and quarterly detailed reports on traffic trends during the emergency period.

AGCOM has adopted decision 599/18/CONS reviewing the mobile termination cost model and foreseeing both a reduction of the mobile termination price of 8% for 2019 from 2018, and further reductions for the following years until 2021, year in which the European Commission is due to adopt a single mobile termination cap applicable for the whole of the EU.

AGCOM rates are symmetrical and applicable to all notified operators (including PostePay).

With the entry into force of the new EU Electronic Communications Services Code (EECC), on 15 May 2019, international calls and SMS within the EU/EEA have been subject to a retail price cap. The new EECC provides for a common EU regulatory framework for the electronic communications serctor and it will have to be applied into national law by 17 December 2020.

With the objective of launching its new fiber based internet access services, PostePay signed specific wholesale agreements with fiber network infrastructure providers and notified in July 2020 to the Ministry of Economic Development a request containing all necessary technical and operational details to update its existing authorisation as an internet service provider. The request was successfully accepted by the Ministry of Economic Development and will allow PostePay to provide internet access services based on FTTH (*Fiber To The Home*) or FTTC (*Fiber To The Cabinet*) technologies.

AGCOM is also in charge of ensuring the enforcement of the EU Regulation 2012/531, so-called "Roaming regulation", and of the amendments introduced by the Telecom Single Market Regulation – TSM (see UE Regulation 2120/2015). The TSM Regulation introduced the principle of the so-called "Roam-Like-At-Home", which provides for the application of the national tariff for voice/SMS/data traffic generated in any of the member countries of the European Union starting from 15 June 2017. Postepay, as well as other mobile operators, has to comply with that regulation.

Generally speaking, the Italian Competition Authority (AGCM, "Autorità Garante della Concorrenza ed il Mercato") has been granted the power to repress misleading advertising spread out by any means: TV, newspapers, leaflets, posters, telemarketing.

In 2007, following to the transposition of the EC Directive no. 29/2005 into the Italian law system (through the Consumer Code), AGCM's competences in the consumer protection field have been broadened to the unfair commercial practices made by undertakings with detriment of consumers.
Postepay has to comply with that legislation as well.

Financial Services

Presidential Decree 144 identifies and regulates the banking and financial services which can be offered by the Issuer through the BancoPosta business division. For further details, see "*Business of the Group – 3. Financial Services*", below.

Presidential Decree 144 provides that – to the extent applicable – certain provisions of: (i) the Banking Act and the Consolidated Financial Act; (ii) the relevant implementing regulations; and (iii) Law No. 287 of 10 October 1990 on competition protection (the **Italian Antitrust Law**), apply.

According to Law Decree No. 179 of 18 October 2012, as converted into Law No. 221 of 17 December 2012, amending Presidential Decree 144, BancoPosta activities now include: (i) the possibility to set up branches in European and non-European Union countries or to carry out mutually recognised services in another Member State on a cross-border basis with no establishment of branches or to operate in a non-European Union state with no establishment of branches; (ii) the possibility to promote and place financial services and products outside of the offices; and (iii) the possibility to professionally trade in gold, on its own account or on behalf of third parties, according to the provisions of Law No. 7 of 17 January 2000.

On the contrary, the prohibition to engage in lending activities *vis-à-vis* the public is still in force, and the peculiar characteristics of the postal saving have been maintained. Postal saving consists of the gathering of funds through postal savings accounts and products carried out by Poste Italiane on behalf of CDP and is governed by the provisions of: (i) Law Decree No. 487 of 1 December 1993, as converted (with amendments) into Law No. 71 of 29 January 1994; (ii) Legislative Decree No. 284 of 30 July 1999; (iii) the Decree of the MEF dated 6 October 2004; and (iv) the relevant applicable provisions of the Banking Act.

According to Presidential Decree 144, the first and second–level legislative provisions applicable to BancoPosta are substantially the same which apply to Italian banks and other financial intermediaries.

As a result, BancoPosta is subject to, *inter alia*: (i) the transparency regime applicable to transactions and banking services as well as to the fairness rules in the relationship between intermediary and clients (*Trasparenza delle operazioni e dei servizi bancari e la correttezza delle relazioni tra intermediari e clienti*); (ii) the payment services framework; (iii) the anti-money laundering and anti-terrorism regime; and (iv) the out-of-court dispute resolution procedure (*Arbitrato Bancario e Finanziario*).

The key components of such system, set forth in the Anti-Money Laundering and Anti-Terrorism Guidelines approved by the Board of Directors on 5 November 2019, are as follows:

- know-your-customer checks (adequate assessment, monitoring of the potential risks and anti-terrorism control);

- record keeping (opening, changes and closure of client relationships, as well as transactions exceeding set thresholds are recorded in the Archivio Unico Informatico) registration with the so-called single computerised database (Archivio Unico Informatico) of clients' details and of the transactions on the basis of certain pre-determined thresholds;

- reporting of suspicious transactions (ongoing monitoring during the relationship, in order to detect any operations that are suspicious and promptly inform the Financial Intelligence Unit (FIU));

- training (on-going training of staff to ensure adequate knowledge of reference regulations and to spread a culture of control on the subject);

- information exchange.

With reference to investment services (in particular the investment advice service coupled with the reception and transmission of orders and placing of securities, funds and insurance based investment product (I, III, V and multilines)), the legal framework and the CONSOB surveillance on Poste Italiane are the same as those applicable to other Italian intermediaries.

Indeed, such activities are governed by Presidential Decree 144 referring to the relevant sections of the Consolidated Financial Act and the second-level implementing regulations (*inter alia*, CONSOB Regulation No. 20307 and the Bank of Italy Regulation published on the 5th December 2019) apply to the BancoPosta activities of Poste Italiane.

Also in the context of the distribution of insurance contracts (life and damages), the activities are carried out pursuant to the same conditions applicable to other Italian intermediaries in terms of limits and legislative constraints.

Indeed, article 109 of Legislative Decree No. 209 of 7 September 2005 (the **Private Insurance Code**) regulates the single computerised register (*Registro Unico Informatico*) where all the authorised intermediaries are enrolled; the business division BancoPosta is enrolled in section (D) of such register.

IVASS Regulation No. 40 of 2 August 2018, which regulates in detail the conduct rules and the rules applicable to the provision of activities, includes among the recipients the BancoPosta division of Poste Italiane.

The applicable provisions compare Poste Italiane, in the context of BancoPosta's activities, to the other Italian intermediaries also in terms of controls, granting, in particular, to Bank of Italy, CONSOB and IVASS certain powers of regulatory supervision, reporting and inspection.

The Bank of Italy's Regulation No. 285 of 17 December 2013 regulating the supervision of banks was amended on 27 May 2014 to introduce a new section solely applicable to BancoPosta RFC (the **Supervisory Regulation**). The Supervisory Regulation applies to BancoPosta RFC most of the regulations applicable to banks. For example, the sections applicable to BancoPosta RFC include:

- organisation and governance;
- management compensation and incentive schemes;
- internal control system and outsourcing;
- information systems and business continuity;
- prudential rules under CRR/CRD IV relating to risks and capital adequacy;
- planning of network evolution in Italy and abroad;
- conflicts of interest;
- information to be provided to the public; and
- off-premises (*door-to-door*) sale of BancoPosta products and services.

On the other hand, the relevant sections of the supervisory instructions for banks relating to lending are not applicable to BancoPosta RFC, which is prevented from engaging in lending activity (see "Business of the Group – 3. Financial Services" above).

The Supervisory Regulation imposes significant obligations on Poste Italiane in order to ensure the organisation, accounting and asset segregation of the BancoPosta activities. In addition, specific Bank of Italy approval is required for: (i) amendments to the Issuer's By-laws (the **By-laws**) which impact the BancoPosta activities; (ii) amendments to the BancoPosta Resolution or the BancoPosta Regulation which relate to management and control of the BancoPosta RFC or the contribution of assets by Poste Italiane; and (iii) any internal transfer of assets between Group companies and BancoPosta RFC, having a value in excess of 10% of the own funds of the BancoPosta RFC at such time.

Insurance Services

The insurance business of the Group is carried out by the Poste Vita Group and is subject to the supervision and regulation of IVASS. Poste Vita operates in the life insurance business while Poste Assicura (wholly owned by Poste Vita) operates in the non-life insurance business.

The main rules and principles applicable to insurance services, information duties and relationships with clients are set forth by the Private Insurance Code and by the implementing provisions thereof enacted by IVASS.

Moreover, specific provisions of the IVASS regulation apply to insurance-based investment products (*prodotti di investimento assicurativi di ramo I, ramo III e ramo V*), while certain provisions of the Consolidated Financial Act attribute to CONSOB the powers relating to compliance with the obligations relating to the publication, form, content and transmission to the Authority of the KID (Key Information Document), prepared in accordance with the provisions of the PRIIPs Regulation. Pursuant to the Consolidated Financial Act, the supervisory, investigative and sanctioning powers provided by the PRIIPs Regulation are attributed to IVASS in relation to the product conception and distribution activities carried out directly by insurance companies (or through agents, insurance brokers etc.) and to CONSOB in relation to the distribution of the insurance-based investment products through the section D of the RUI (Register of insurance and reinsurance intermediaries).

In addition, Poste Vita deals with private pensions products; in this respect, the provisions of Legislative Decree No. 252 of 5 December 2005 alongside the implementing regulations issued by COVIP apply to the supplementary private pension schemes.

IVASS is responsible for guaranteeing the sound and prudent operation of insurance and reinsurance companies as well as the transparency and fairness of entities operating in the insurance sector.

IVASS is responsible for the prudential supervision of the insurance sector, overseeing the technical, financial and capital adequacy requirements applicable to insurance companies, with specific reference to the technical reserves that must be set aside on the basis of the undertakings of the insurance companies *vis-à-vis* their clients.

On 1 January 2016, Directive 2009/138/EC (the **Solvency II Directive**) came into force, as amended by Directive 2014/51/EU and integrated by EU Regulation 2015/35 issued by the European Commission on 10 October 2014 (the **Delegated Regulation**) and by other European implementing regulations providing for technical standards with regard to, among others: (i) the supervisory approval procedures for company-specific parameters; (ii) ancillary own funds; (iii) matching adjustment; (iv) special purpose vehicles; (v) internal models; and (vi) joint decision on group internal models (the **Implementing Regulations**). Furthermore, the European Insurance and Occupational Pensions Authority (**EIOPA**) has issued several guidelines addressed to the national supervisory authorities (i.e. IVASS) aimed at: (i) simplifying the process of maintaining compliance with the provisions of the Delegated Regulation and the Implementing Regulations and (ii) providing clarity to insurance companies on what supervisors' expectations are.

The Solvency II Directive was implemented in Italy by Legislative Decree No. 74/2015, which amended the Private Insurance Code.

Starting from 2016, following entry into force of the Solvency II Directive, IVASS issued a number of regulations, implementing the Solvency II Directive's first, second, and third pillar requirements. These pillars revolve around: (i) capital requirements (first pillar); (ii) requirements regarding the corporate governance of insurance companies – with specific attention to the control system – (second pillar); and (iii) information required to be disclosed to the supervisory authorities and to the market (third pillar).

In its activity, Poste Vita may be affected by the requirements, as set out in regulations that apply to it from time to time, including solvency requirements.

Management

The governance model adopted by Poste Italiane is based on the traditional separation of the functions of the Board of Directors and those of the Board of Statutory Auditors (as defined below). The Issuer's accounts are audited by an independent firm of auditors. Poste Italiane's financial management is overseen by the Italian Court of Auditors (*Corte dei Conti*) (Law No. 259 of 21 March 1958). The relevant supervision is carried out by a Magistrate appointed by the Court of Auditors (who attends the meetings of the Board of Directors and the Board of Statutory Auditors).

The Board of Directors and the Board of Statutory Auditors and their respective Chairpersons, are appointed by the shareholders' General Meeting, that is also responsible for appointing the independent auditors and determining their remuneration. The General Meeting also approves the annual financial statements and the shareholder remuneration policy. The General Meeting also decides on the purchase and sale of the company's own shares plans, stock-based incentive plans for managers, amendments to the by-laws (other than those constituting a mere adjustment to statutory provisions) and the issuance of convertible corporate bonds.

Board of Directors

The Board of Directors is composed of 9 members and normally meets once a month to examine and vote on resolutions regarding the operating performance, the results of operations, proposals relating to the organisational structure and transactions of strategic importance.

Among the 9 members of the Board of Directors, 8 are non-executive and 6 meet the requirements to qualify as independent directors, according to the Corporate Governance Code for listed companies issued by the Italian Stock Exchange (2018 edition).

In accordance with the provisions of the Italian Civil Code, the Board of Directors delegated certain executive powers to the Chief Executive Officer (**CEO**) and established five Board committees (see below) to provide recommendations and advice: the Control and Risk Committee; the Remuneration Committee; the Nominations and Corporate Governance Committee; the Related and Connected Parties Committee; and the Sustainability Committee.

The following is a list of the members of the Board of Directors of the Issuer appointed on 15 May 2020:

Name	Position	Main activities outside the Group
Maria Bianca Farina	Chairwoman of the Board of Directors (since 27 April 2017 and, lastly, since 15 May 2020)	Chairwoman of ANIA and Chair of the Foundation ANIA (Italian association of insurance firms) Vice President of the FEBAF Board of Directors (Italian Federation of Banks, Insurance and Finance) Member of the COMI (Market Operators and Investors Committee), a consultancy body of CONSOB Member of the Advisory Board of the Biomedical University Foundation Member of the Board of the Directors of Ospedale Bambino Gesù Member of the Board of Directors of "Save the Children" Onlus, member of the Advisory Board of the Onlus Frontier Healthcare and member of the Honorary Committee of the Leonardo Vaccari Institute for the neuro-physical rehabilitation and the social inclusion of persons with disabilities Member of the advisory board of the Scuola di Formazione Politica Member of the Board of Governors of the AIF (the Holy See's Financial Information Authority), appointed by Pope Francis
Matteo Del Fante	Director, CEO and General Manager (since 27 April 2017 and, lastly, since 15 May 2020)	-

Giovanni Azzone	Director (since 24 May 2016 and, lastly, since 15 May 2020)	Full-time professor in "Business and strategic decisions" at the Polytechnic University of Milan Chairman of Arexpo S.p.A. Chairman of Spezia & Carrara Cruise Terminal srl Member of the AssoConsult-Confindustria Ethics Committee Member of the scientific council of the Renzo Piano Foundation Member of the steering committee of Fondazione Beic (Biblioteca Europea di Informazione e Cultura) President of the Board of the Community Foundation Milano Member of the scientific committee of NGInfra
Bernardo De Stasio	Director (since 15 May 2020)	Lawyer licensed to practise in the Italian Supreme Court Co-owner of Law Firm ABD
Daniela Favrin	Director (since 15 May 2020)	Manager of Fincantieri S.p.A. in charge of strategic projects financed with public funds Member of the board of directors of several companies within the Fincantieri industrial Group
Davide Iacovoni	Director (since 15 May 2020)	General Manager of Public Debt at the Treasury Department of Ministry of Economy and Finance Contract professor at the University of Padua for the "Public Economics and Financial Markets" course
Mimi Kung	Director (since 24 May 2016 and, lastly, since 15 May 2020)	Member of the Board of Prysmian S.p.A. Member of the Board of Bank of Ireland UK

Elisabetta Lunati	Director (since 15 May 2020)	Member of the Women's Entrepreneurship Committee at the Chamber of Commerce of Milan, Monza Brianza and Lodi Vice-Chairman of the Board of Directors of the Conciliatore Bancario Finanziario in Rome and Chairman of the Steering Committee of this organisation Member of the Board of Directors of Intesa Sanpaolo Casa
Roberto Rossi	Director (since 27 April 2017 and, lastly, since 15 May 2020)	Director of Palletways Italia S.p.A.

The business address of each of the members of the Board of Directors is the Issuer's registered office.

The CEO and the Chairwoman have completely separate roles and both have the authority to represent the Issuer; the CEO represents the Issuer with regard to matters falling within the scope of his authority.

The role of the Chairwoman is to lead and oversee the Board of Directors, exercising the powers granted by the Issuer's By-laws and those granted to her by the resolution of the Board of Directors meeting of 15 May 2020.

The CEO and General Manager, to whom all key departments report, has full powers for the administration of the Issuer across the organisational structure, with the exception of the following powers reserved to the Board of Directors, based on the resolutions adopted by the Board of Directors on 15 May 2020, as well as pursuant to certain provisions in its by-laws:

- Orders exceeding Euro 50,000,000 for procurement, contracting, and services;
- Expense-generating contracts and agreements involving commitments exceeding Euro 50,000,000;
- Defining the corporate governance system within the company and the Group, and establishing and defining the functions of Board sub-committees, to which it appoints members and for which it approves organizational rules;
- Defining the Parent Company's organisational structure, upon a proposal by the CEO, who is responsible for providing to the implementation thereof;
- Acquisitions, swaps, and disposals of real estate with a value of more than Euro 5,000,000;
- Approval of the rules governing supplies, sub-contracts, services, and sales;
- Pursuant to a proposal by the Chief Executive Officer, and after a favourable opinion by the Board of Statutory Auditors, appoint and remove the executive in charge of preparing the corporate accounting documents, granting him/her adequate powers and means;

- Pursuant to a proposal by the CEO, designate, replace and dismiss directors and statutory auditors at listed companies in which Poste Italiane has an equity investment but that are not included in the consolidation area;

- Pursuant to a proposal by the CEO, appoint and remove the head of the BancoPosta unit, and make decisions concerning the remuneration of this role;

- Appoint and remove the head of the internal control function, following a joint proposal by the Chairman and the Chief Executive Officer, having consulted the Board of Statutory Auditors, and make decisions regarding their remuneration; and

- Examine and approve the Parent Company's transactions of strategic, economic, asset-linked or financial relevance (**Transactions of Significant Relevance**).

It should be noted that, in line with best practice and recommendations in the Corporate Governance Code, the Board of Directors has taken steps to establish the following general criteria for identifying Transactions of Significant Relevance. These are:

- Operations for amounts in excess of Euro 50,000,000 covering: a) the acquisition or disposal of companies or going concerns, assets or other activities; b) the acquisition or disposal of equity interests, including through capital increases; c) setting up companies and, in any event, entering into partnerships or strategic alliances lasting more than five years, with the exclusion of temporary business associations; d) granting loans or collateral-backed/personal guarantees; e) taking out loans and credit facilities, and other expense-generating credit operations; f) entering into transactions;

- The issue of financial instruments;

- Merger or demerger operations in which the total assets of the company being absorbed or the assets being demerged are equal to or greater than Euro 50,000,000; and

- Operations that require the Parent Company to make public disclosures, drafted in compliance with CONSOB provisions.

Operations put in place exclusively with or between companies controlled by Poste Italiane do not qualify as Transactions of Significant Relevance, without prejudice to the Board of Directors' responsibility for transactions that by law and the Parent Company's bylaws fall within its responsibility.

Compatibly with the Group's operational practices, and without prejudice to the managerial autonomy of each subsidiary company, the Parent Company's Board of Directors shall undertake to make a prior examination of the Transactions of Significant Relevance of subsidiary companies.

With regards to Transactions of Significant Relevance, Poste Italiane's executive bodies provide the Board of Directors with adequate information on Poste Italiane's interest in completing the operation, including through subsidiary companies. This shall include feasibility, economic sustainability and compliance with Poste Italiane's strategic plans.

The Parent Company's executive bodies ensure that subsidiaries' directors are aware of the criteria that identify Transactions of Significant Relevance.

In accordance with the recommendations of the Corporate Governance Code for listed companies, as well as the provisions of the Bank of Italy Supervisory Regulations applicable to Poste Italiane in the exercise of BancoPosta's activities, since September 2015 the Board of Directors has set up internally: (i) a committee dedicated to internal control and risks issues (now called "Control and Risk Committee"), (ii) a "Remuneration

Committee", and (iii) a nomination committee, which has subsequently been assigned powers in corporate governance (now called "Nomination and Corporate Governance Committee").

In October 2016, the Board of Directors also established a "Related and Connected Parties Committee" within it, responsible for carrying out the functions provided for by the reference regulation issued by CONSOB and by the Bank of Italy.

Finally, in May 2020 the Board of Directors established a new "Sustainability Committee", which is assigned specific tasks in this matter.

Thus, the Board of Directors is supported by the following five sub-committees:

- **Control and Risk Committee**: Bernardo De Stasio (Chair), Davide Iacovoni, Roberto Rossi;
- **Remuneration Committee**: Giovanni Azzone (Chair), Daniela Favrin, Elisabetta Lunati;
- **Nominations and Corporate Governance Committee**: Bernardo De Stasio (Chair), Giovanni Azzone, Mimi Kung;
- **Related and Connected Parties Committee**: Elisabetta Lunati (Chair), Bernardo De Stasio, Mimi Kung; and
- **Sustainability Committee**: Daniela Favrin (Chair), Davide Iacovoni, Roberto Rossi.

Board of Statutory Auditors

The Board of Statutory Auditors has 3 standing members (as well as 3 alternate members) that are appointed by the Parent Company shareholders during the Annual General Meeting. Pursuant to article 2403 of the Italian Civil Code, the Board of Statutory Auditors verifies compliance with the law, the articles of association and with correct corporate governance principles, also verifying the adequacy of the organisational structure and administrative and accounting systems adopted by the Issuer and their functionality.

The following is a list of the auditors appointed on 28 May 2019:

Name	Position	Main activities outside the Group
Mauro Lonardo	Chairman of the Board of Statutory Auditors (since 24 May 2016 and, lastly, since 28 May 2019)	Statutory Auditors of Arkad S.p.A. Statutory Auditors of ASR TDV S.p.A. Statutory Auditor of Neep ROMA Holding S.p.A. Chairman of the Board of Statutory Auditors of Unicompany S.p.A. Statutory Auditor of Stadio TDV S.p.A.

Anna Rosa Adiutori	Statutory Auditor (since 28 May 2019)	Full-time Professor in Commercial Law at Sapienza University of Rome. Statutory Auditor of Seggiovia S.Croce S.p.A. Alternate Statutory Auditor of Open Fiber S.p.A. Chairman of the Board of Statutory Auditors of Casa di cura privata villa Serena del dott. Leonardo Petruzzi S.r.l. Statutory Auditor of Astaldi S.p.A. Alternate Statutory Auditor of TINI Industria Laterizi T.I.L. S.r.l. Statutory Auditor of Costruzioni Ostiense Cinque S.r.l. Statutory Auditor of Settedicembre S.r.l. Alternate Statutory Auditor of Tecnoborsa S.c.p.A. Alternate Statutory Auditor of Investimenti S.p.A. Alternate Statutory Auditor of Enel Produzione S.p.A. Alternate Statutory Auditor of Fiera Roma S.r.l. Statutory Auditor of Marina di Cicerone S.p.A. Alternate Statutory Auditor of Enel Green Power S.p.A. Statutory Auditor of Difesa Servizi S.p.A. Chairman of the Board of Statutory Auditors of Casa di cura privata Santa Camilla S.p.A. Statutory Auditor of Enel X Italia S.p.A. Statutory Auditor of CONAD – Società cooperative Statutory Auditor of E-DISTRIBUZIONE S.p.A.

		Alternate Statutory Auditor of ENEL ITALIA S.p.A. Statutory Auditor of ENEL GREEN POWER SANNIO S.r.l. Alternate Statutory Auditor of SISTEMA CAMERALE SERVIZI ROMA Società consortile per azioni in liq.ne
Luigi Borré	Statutory Auditor (since 28 May 2019)	Associate Professor in Business Economics at the Piemonte Orientale University. Contract Professor at Bocconi University Chairman of the Board of EUROMILANO S.p.A. Statutory Auditor of Eberhard Italia S.p.A. Statutory Auditor of Massimo Moratti S.a.p.A. Chairman of the Board of Statutory Auditors of Destination Italia S.p.A. Chairman of the Board of Statutory Auditors of Officina Meccanica Sestese S.p.A. Chairman of the Board of Statutory Auditors of S.I.T. S.r.l. Member of the Board of Compagnia Aerea Italiana S.p.A. Chairman of the Board of Statutory Auditors of Desma Healthcare S.p.A. Chairman of the Board of Statutory Auditors of Desma Pharma S.p.A. Chairman of the Board of Statutory Auditors of MC Prefabbricati S.p.A. Chairman of the Board of Statutory Auditors of EICMA S.p.A. Chairman of the Board of Directors EUROMILANO Agency S.r.l. Member of the Board of Directors of ISPI

		Istituto per gli Studi di Politica Internazionale
Alberto De Nigro	Alternate Auditor (since 28 May 2019)	Chairman of the Board of Statutory Auditors of Engineering D.HUB S.p.A. Chairman of the Board of Statutory Auditors of AIM Group International S.p.A. Chairman of the Board of Statutory Auditors of Banca Finnat Euramerica S.p.A. Chairman of the Board of Statutory Auditors of Vianini S.p.A. Chairman of the Board of Statutory Auditors of Toyota Motor Leasing S.p.A. in Liquidazione Chairman of the Board of Statutory Auditors of Consorzio per i Servizi di Telefonia Mobile S.c.p.A. Chairman of the Board of Statutory Auditors of Olivetti S.p.A. Chairman of the Board of Statutory Auditors of Compagnia Ferroviaria Italiana S.p.A. Chairman of the Board of Statutory Auditors of CONI – Comitato Olimpico Nazionale Italiano Member of the Board of Nexen S.p.A. Chairman of the Board of Statutory Auditors of ANMCO – Associazione Medici Cardiologi Ospedalieri Statutory Auditor of Atlantia S.p.A. Statutory Auditor of Autostrade per l'Italia S.p.A. Statutory Auditor of Lottomatica Giochi e Partecipazioni S.r.l. Liquidator of Kidco Services S.r.l. in Liquidazione Liquidator of Consorzio Sicta in Liquidazione

		Alternate Statutory Auditor of Toyota Motor Italia S.p.A. Alternate Statutory Auditor of Fincantieri S.p.A. Alternate Statutory Auditor of Telenergia S.r.l.
Maria Francesca Talamonti	Alternate Auditor (since 28 May 2019)	Statutory Auditor of Costiero Gas Livorno S.p.A. Member of the Board of Elettra Investimenti S.p.A. Statutory Auditor of Raffineria di Milazzo S.c.p.A. Statutory Auditor of Raffineria di Gela S.p.A. Statutory Auditor of PS Parchi S.p.A. Statutory Auditor of Bluwater S.p.A. Alternate Statutory Auditor of Saipem S.p.A. Chairman of the Board of Statutory Auditors of Servizi Aerei S.p.A. Alternate Statutory Auditor of Eni Servizi S.p.A. Alternate Statutory Auditor of Sigemi Srl Alternate Statutory Auditor of Sirti S.p.A. Statutory Auditor of Plc S.p.A. Statutory Auditor of Digitouch S.p.A. Statutory Auditor of D-Share S.p.A. Alternate Statutory Auditor of PS Reti S.p.A. Statutory Auditor of PS Parchi S.p.A. Alternate Statutory Auditor of AGI S.p.A. Statutory Auditor of ACEA S.p.A. Alternate Statutory Auditor of ENI Fuel S.p.A.

		Alternate Statutory Auditor of MBDA Italia S.p.A. Statutory Auditor of Rainbow Magicland S.p.A. Statutory Auditor of Armonia SGR S.p.A. Sole Director of Bramito SPV Srl Sole Director of Vette SPV Srl Sole Director of Convento SPV Srl Sole Director of New Levante SPV Srl Sole Director of Ponente SPV Srl Chairman of the Board of Statutory Auditors of Basic Net S.p.A. Statutory Auditor of Musinet Engineering S.p.A.
Antonio Santi	Alternate Auditor (since 27 April 2017 an, lastly, since 28 May 2019)	Member of the Board of Enav S.p.A. Chairman of the Board of Statutory Auditors of Recordati S.p.A. Member of the Board of Statutory Auditors of Acea Liquidation and S.r.l. – Acea Group Chairman of the Board of Statutory Auditors of F.A.I. Service S.COOP. Chairman of the Board of Statutory Auditors of C-Zone S.p.A in liquidation Chairman of the Board of Statutory Auditors of CQS Holding in liquidation Chairman of the Board of Statutory Auditors of Ktesios Holding S.p.A. in liquidation Chairman of the Board of Statutory Auditors of LKTS S.p.A. in liquidation

The business address of each of the members of the Board of Statutory Auditors is the Issuer's registered office.

External auditors

The audit firm, Deloitte & Touche S.p.A., has been appointed on 28 May 2019 by the Shareholders' Meeting, acting on proposal of the Board of Statutory Auditors, to audit the Issuer's accounts for the period 2020-2028. The appointment was made in conformity with Legislative Decree 39/2010.

Conflicts of interest

To the best of the Issuer's knowledge, there are no potential conflicts of interest between the duties of the members of the administrative, management or supervisory bodies of the Issuer and their private interests and or other duties.

Third–party information

As far as the Issuer is aware, third–party information has been accurately reproduced and, as far as it is possible to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Litigation

Due to the significant number of clients, suppliers and employees, the Group is involved in certain lawsuits for the compensation of damages in the event of:

- alleged breaches of contracts, claimed by clients and suppliers;
- interpretation of employment agreements' rules, claimed by employees (in particular by fixed-term employees requiring the conversion of their contracts into permanent contracts); and
- interpretation of contractual clauses, claimed by suppliers.

The Group made provisions for disputes with third parties of Euro 313 million and with staff of Euro 54 million as at 31 December 2019 for all potential liabilities arising from the disputes that are currently pending.

The determination of the provisions involves the use of estimates based on the current knowledge of the factors that may change over time, potentially resulting in outcomes that may be significantly different from those taken into account when preparing the consolidated financial statements. The estimates and the assumptions are periodically reviewed and the effects of any variation thereof are reflected in the relevant consolidated financial statements for the financial period during which such review of estimates is carried out (in the event such review only impacts the current financial period), or for multiple financial periods (in the event such review impacts both the current and subsequent financial periods) (see Section 2.5 of the consolidated financial statements for the year ended 31 December 2019).

Tax disputes

On 19 April 2018 the tax authorities (*Guardia di Finanza – Nucleo di Polizia economico-finanziaria*) entered the offices of SDA Express Courier S.p.A in Rome. The purpose of the inspection was to verify the company's compliance with the requirements regarding VAT, income tax, IRAP and withholding tax for the years 2014, 2015, 2016 and 2017 pursuant to and for the purposes of articles 52 and 63 of Presidential Decree 633/72, art. 33 of Presidential Decree 600/73, art. 2 of Legislative Decree 68/2001 and Law 4/1929. On 29 November 2018, the audit was formally declared at an end with a contested amount of Euro 1 million. The main finding in the final notice of assessment regards the deduction of VAT relating to the adjustment entries issued by SDA Express Courier S.p.A. in connection with discounts granted to customers following an increase in the number of shipments. These discounts become price reductions, originally applied by the company when the shipment is handled and are therefore classified as rebates or discounts under the related contract. SDA Express

Courier S.p.A. decided to allocate a specific provision for risks. On 5 December 2019, in relation to the year 2014, SDA Express Courier S.p.A. received a tax assessment notice – relating to the tax audit - for VAT amounting to Euro 0.4 million. On 3 February 2020, the company appealed this notice and made the provisional payment of the imposed penalty.

Proceedings pending and relations with the authorities

European Institutions

- Collection of local property taxes (*Imposta Comunale sugli Immobili* – ICI)

On 23 May 2019, the Italian Supreme Court made preliminary referral to the Court of Justice of the European Union (**CJEU**) regarding the collection of local property taxes and conformity with the European rules on State Aid and competition, with reference to a dispute between Poste Italiane and Riscossione Sicilia S.p.A. and a dispute between Poste Italiane and Agenzia delle Entrate. Poste Italiane participated in the hearing, giving its contributions. On 24 September 2020, the Advocate General presented his opinion. The proceeding before the CJEU is still pending.

- Legal status of Poste Italiane with regard to the European procurement directives

  – On 4 July 2018, the Lazio Regional Administrative Court (TAR) ruled on a dispute between Poste Tutela S.p.A (now merged into Poste Italiane) and Pegaso S.r.l., regarding a call for tender in July 2017 for reception and security services for the companies of the Group, and referred the matter to the CJEU on the legal status of Poste Italiane with regard to the European procurement directives. On 23 April 2020, the Advocate General presented his opinion. The CJEU gave its judgment on 28 October 2020. The Court, acknowledging the thesis of Poste Italiane, confirmed inter alia that Poste Italiane has the status of a "public undertaking" (rather than a body governed by public law) within the meaning of Directive 2014/25/EU.

  – On 6 March 2019, the Lazio Regional Administrative Court (TAR) ruled on a dispute between Poste Italiane and Irideos S.p.A., regarding a call for tender by Poste Italiane for electronic communication services, and referred the matter to the CJEU on the legal status of Poste Italiane with regard to the European procurement directives. On 13 September 2019, the CJEU decided to suspend this proceeding, pending the outcome of the previous proceeding (i.e. Poste Italiane v. Pegaso S.r.l.).

*Italian Competition Authority (**AGCM**)*

Unfair commercial practices

- "*Libretto Smart*" product

On 2 December 2015, AGCM closed an investigation on Poste Italiane for violation of articles 20, 21 and 22 of Legislative Decree No. 206/2005 (the Consumer Code), regarding the "*Libretto Smart*" product (Case PS10009). The proceeding concerned the advertising campaign of Libretto Smart. The unfair practice consisted in: (i) lack of information on the main conditions under which the advertised remuneration was actually granted; and (ii) an overall misleading view of the nature of the product. AGCM imposed on Poste Italiane a fine of Euro 0.54 million.

Poste Italiane appealed the AGCM's decision before the Lazio Regional Administrative Court. The appeal is pending.

- PS11563 Poste Italiane – Registered mail (*raccomandata*) services

On 9 November 2019, AGCM initiated proceedings against: (i) Poste Italiane's commercial practice of promoting its registered mail (*raccomandata*) delivery service as a convenient, certain and fast delivery service, which however does not seem to reflect the actual service provided to the customers; and (ii) Poste Italiane's advertising of its registered mail (*raccomandata*) digital collection service, which does not seem to make reference to the limitations of the service itself.

On 15 September 2020, AGCM notified to Poste Italiane its final decision, ruling that the above mentioned practices shall be considered as unfair in accordance with articles 20, 21 and 22 of the Legislative Decree no. 206 of 2005 (the **Consumer Code**), and cautioning Poste Italiane to cease and desist from expanding or continuing said practices. In addition, AGCM imposed on Poste Italiane an administrative sanction of an amount equal to Euro 5 million. AGCM also ordered Poste Italiane to present, within 90 days from the notification of the decision, a report showing the initiatives implemented in order to comply with the court order. Lastly, AGCM ruled that Poste Italiane shall publish, within 120 days from the notification of the decision, on three different national newspapers the AGCM's decision for three consecutive days at its own cost and expenses.

Poste Italiane has appealed the AGCM's decision before the Lazio TAR requesting its provisional suspension. The the first hearing, originally scheduled on 4 November 2020, has been rescheduled *ex officio* on 11 November 2020.

Abuse of dominance

- Nexive S.p.A

On 3 October 2018, Poste Italiane – without admission of liability – paid a Euro 23 million fine, imposed by the AGCM, for abuse of a dominant position pursuant to Article 102 TFEU (Case A493).

On 4 March 2019, AGCM notified Poste Italiane that it was satisfied that the actions taken by Poste Italiane to remedy the earlier issues had been effective and that Poste Italiane was in compliance with the regulations, ruling therefore that: (i) no further fine would be imposed; (ii) Poste Italiane can continue to offer competing alternative operators a service equivalent to Posta Time; and (iii) within 30 days of notification of the measure, Poste Italiane informs the AGCM of the levels of extension of the Posta Time equivalent service achieved. On 3 April 2019, Poste Italiane sent AGCM a documented report confirming its compliance activities.

Poste Italiane appealed the AGCM’s decision no. 26900 of 13 December 2017, notified on 15 January 2018, before the Lazio TAR-. The appeal is pending.

- A539 Poste Italiane Delivery service contracts - Soluzioni S.r.l.

On 20 March 2020, AGCM notified Poste Italiane of the start of an investigation, pursuant to article 9, paragraph 3-bis of Law no. 192 of 1998 and article 14 of Law no. 287 of 1990, for the verification of the alleged abuse of economic dependence, relevant for competition and market protection, against Soluzioni S.r.l., a contractor of Poste Italiane for its delivery service activities in Naples.

The investigation is expected to end by 30 June 2021.

Italian Communications Authority (AGCom)

Net cost verification procedures related to the Universal Postal Service

Following the implementation of the Third Postal Directive (Directive 2008/6/CE) in Italy, the so-called “net avoided cost” method has been applied in quantifying the cost of the Universal Postal Service. This method defines the cost incurred as the difference between the net operating cost incurred by a designated Universal

Postal Service provider (when subject to Universal Postal Service obligations) and the net operating cost (without such obligations). In this regard, AGCom issued three resolutions:

(i) regulation 412/14/CONS which approves the measure defining the method for calculating and quantifies the net cost of the Universal Postal Service for 2011 and 2012;

(ii) regulation 298/17/CONS which assesses the net cost of the Universal Postal Service incurred by Poste Italiane during 2013 and 2014, and the applicability of the mechanism for allocating such cost; and

(iii) regulation 214/19/CONS which assesses the net cost of the Universal Postal Service incurred by Poste Italiane during 2015 and 2016, and the applicability of the mechanism for allocating such cost.

More specifically, the regulator has assessed the net cost (i) for 2011 and 2012, to be, respectively, Euro 381 million and Euro 327 million, compared to sums recorded originally by Poste Italiane for approximately Euro 357 million and Euro 350 million, (ii) for 2013 and 2014 to be, respectively, Euro 393 million and Euro 409 million, and (iii) for 2015 and 2016 to be, respectively, Euro 389 million and Euro 356 million. Three appeals were lodged by Poste Italiane before the Lazio Regional Administrative Court against the above AGCom resolutions (412/14/CONS, 298/17/CONS and 214/19/CONS) with reference to the net cost quantification of the Universal Postal Service and to the applicability of the mechanism for allocating such cost.

Direct access to the universal postal network

Regarding the right to direct access to the universal postal network, AGCom published Resolution 384/17/CONS, dated 18 October 2017, "*Changes to the provisions governing access to Poste Italiane's postal network and infrastructure*" (former rules were set out in Resolution 728/13/Cons). Such resolution establishes a new regime for access to the universal postal network based on the following points:

I. maintaining the obligation to provide equal and reasonably free access to any third party throughout the country, in addition to a further obligation to provide access within the delivery areas where only Poste Italiane's network is well-established in accordance with the conditions based on the relevant and appropriately efficient costs effectively incurred;

II. obligation to give third–party operators access to PO boxes located at post offices and to ensure market transparency in case of changes to postcodes;

III. definition of the volume threshold above which it is assumed that the service for returning other operators' mail entered into the Poste Italiane network is an "access mail collection" service; and

IV. definition, with a subsequent ruling, of a test for the replicability of Poste Italiane's offerings regarding multi-items deliveries to large private customers or in relation to public tenders.

On 18 December 2017, three appeals were lodged before the Lazio Regional Administrative Court, by alternative operators and, more specifically by Fulmine Group S.r.l. (AREL – Delivery Licensees Agency consortium company), Nexive S.p.A. and Assopostale/GPS/MailExpress/CityPost. In these appeals the alternative operator requested the cancellation of the resolution, with prior injunctive relief, in those parts where: (i) it 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. 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.

Furthermore, AGCom is currently carrying out the sub-proceedings to determine measures on "access mail collection" of mails entered into Poste Italiane's network (modifying current resolution 621/15/CONS) and on Poste Italiane's offers' replicability (a public consultation is currently ongoing).

Non–exclusive right of Poste Italiane to offer services relating to legal process and notification of violations of the Highway Code (*Codice della Strada*)

According to Law 124 of 4 August 2017, which removed the exclusive right of Poste Italiane to offer services relating to legal process and notification of violations 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 postal services relating to legal process and the notification of violations of the Highway Code (*Codice della Strada*), including quality targets. On 19 July 2018 the Ministry of Economic Development issued the regulations for the granting of licenses to alternative postal operators.

Resolution 728/13/CONS regarding the price increase

With regards the price increases, on the basis of resolution No. 728/13/CONS "*Definition of the maximum tariffs for postal services falling within the scope of the Universal Postal Service*", Poste Italiane submitted to the regulator several proposals to raise prices applicable to universal products, with the aim of improving universal service financial sustainability. Such proposals already cover the period until middle 2018.

On 16 January 2017, CODACONS challenged the price list introduced in 2016 and the related acts.

Since 3 July 2018, in compliance with the limits for the protection of users established by the AGCom with Resolution 728/13/CONS, Poste Italiane introduced the new economic conditions of some universal services by communicating them to the public on 30 May 2018. The increase in tariffs responds to the need to maintain high–quality standards, allowing a partial recovery of costs incurred to ensure the provision of the universal postal service throughout the territory. On 6 August 2018, the consumer associations CODACONS and Associazione Articolo 32-97 lodged an appeal with the Lazio Regional Administrative Court (TAR) against the new economic conditions introduced by Poste Italiane on 3 July. On 10 March 2019 a new amendment to the universal tariffs for the National Ordinary Parcel service came into force (at the same time renamed PosteDelivery Standard, in line with the renaming and reshaping of the conditions of use of the service applied to the entire range of parcel delivery products), with the introduction of carnet tariffs. The merits of the case has not been scheduled yet.

*Italian National Anti-corruption Authority (**ANAC**)*

On 28 September 2015, the ANAC notified Poste Italiane that it was launching an investigation to verify the administrative procedures carried out regarding the upgrade and restyling work at the Sesto Fiorentino sorting centre (**FI**). On 27 July 2018, the ANAC's Works Supervision Office notified resolution no. 553 of 27 April 2017 in which the Authority identified, among other things, certain conduct that did not comply with public procurement rules by the parties involved in the proceedings (the person in charge of the proceedings, the works supervisor and the test supervisor), forwarding the resolution to the Public Prosecutor's Office for any follow-up action within its jurisdiction. Moreover, criminal proceedings are pending against these facts before the Public Prosecutor's Office of Perugia, where Poste Italiane has been identified as injured party.

Payment orders notified by Equitalia Servizi di Riscossione S.p.A.

On 15 January 2014, the Data Protection Authority imposed a fine of Euro 0.34 million on Postel, later reduced by the Court of Rome to Euro 0.24 million (as set out below in more detail). Postel appealed the judgement before the Supreme Court (*Corte di Cassazione*).

The Supreme Court (*Corte di Cassazione*) rejected the appeal presented by the Postel.

As at the date of this Base Prospectus, Postel is waiting for the Data Protection Authority to file a new lawsuit in resumption before the Tribunal of Rome, as it ruled by the Supreme Court (*Corte di Cassazione*).

On 21 March 2017, the Data Protection Authority (acting through Equitalia Servizi di Riscossione S.p.A. – **Equitalia**) notified Postel with a payment order of the above–mentioned Euro 0.24 million fine, plus payment of an additional fine of Euro 0.12 million. Postel has appealed the payment order before the Court of Rome, requesting an injunction suspending its execution.

On 15 June 2017, Equitalia proceeded to seize credits owed to Postel by the National Institute of Social Security (**INPS**, Istituto Nazionale per la Previdenza Sociale), in accordance with articles 72-bis and 48-bis of Presidential Decree 602/73.

With sentence no. 11822 of 7 June 2018, the Court of Rome, ordered the cancellation of the additional fine of Euro 0.12 million. The Data Protection Authority has appealed before the Supreme Court (*Corte di Cassazione*).

The Supreme Court (*Corte di Cassazione*) rejected the appeal presented by the Data Protection Authority.

As at the date of this Base Prospectus, Postel is waiting for the Data Protection Authority to repay to Postel the additional sums as ruled by the Supreme Court (*Corte di Cassazione*).

Processing of employee data through the "Queue Management" system

On 20 February 2017, the Data Protection Authority sent a request for information to Poste Italiane, pursuant to article 157 of Legislative Decree No. 196/2003 (the **Data Protection Code**), regarding the processing of employee data through the so-called "Queue Management" (*gestione attese*) system. This request originated from a claim alleging the unlawful processing of the personal data of Poste Italiane's employees as their first name was displayed at post office counters.

The proceeding ended with a resolution of the Data Protection Authority on 16 November 2017: (i) declaring the processing of personal data of Poste Italiane's employees with the Queue Management system as unlawful; (ii) declaring the data processed unusable for the purposes of such system; (iii) ordering, with immediate effect, the prohibition of further processing of personal data, with the exception of data processed for the purposes of a potential seizure of the same by a judicial authority as well as for reasons of the protection of rights in legal proceedings; and (iv) requesting Poste Italiane to report on the steps undertaken to implement the authority's prohibitions and requirements.

Poste Italiane informed the Data Protection Authority that, in compliance with the Authority's resolution, it has: (i) integrated the employee information notice by including the specific processing of personal data concerning its communication to customers by means of identification tags and/or displays as part of the work relationship; (ii) eliminated the display of the employee's first name above the postal operator's counter; and (iii) taken all necessary steps to ensure that the operator's name is deleted from all archives and databases linked to the use of the Queue Management system.

With notice dated 8 August 2018, the Data Protection Authority acknowledged the overall statements made by Poste Italiane regarding the fact that the new Queue Management system has been configured in such a way that does not allow the processing of employees' data.

Bank of Italy

Poste Vita failure to report suspicious transactions

In December 2015, the Bank of Italy launched an investigation of Poste Vita relating to money laundering prevention pursuant to articles 47 and 53, paragraph 4, of Legislative Decree No. 231 of 2007 (the **Anti-Money Laundering Decree**). The above investigation was concluded on 8 April 2016 with receipt of the final document from the company containing the clarifications and information requested by the UIF.

On 8 July 2016, the Bank of Italy's Financial Intelligence Unit (*Unità di Informazione Finanziaria* – UIF) sent Poste Vita a notice of assessment and violation, alleging the company's failure to promptly report suspicious transactions (regarding transactions relating to a single policy) pursuant to article 41 of the Anti-Money Laundering Decree. The violation in question (punishable, in accordance with article 57, paragraph 4 of the Anti-Money Laundering Decree, with a fine amounting to between 1% and 40% of the value of the transactions) may result in a fine of up to Euro 0.4 million. Poste Vita submitted its defence briefs to the Italian Ministry of Economy and Finance (**MEF**). On 29 May 2019, the MEF – notified Poste Vita requesting payment with an fine of Euro 101,400. The next Court hearing is scheduled for 19 May 2021.

Poste Vita appealed the above–mentioned fine.

Assessment of governance, control, operational and IT risk–management systems

On 23 May 2019, the Bank of Italy, pursuant to article 54 of the Banking Act, started an inspection on BancoPosta RFC in relation to some postal offices, aimed at verifying compliance with the obligations set forth in the banking transparency provisions, through the assessing of regulatory framework and controls.

The inspection activity, in fact, despite having a territorial feature, also concerns the areas detected by the verifications carried out by the Authority in 2015 at headquarters and mainly connected to: filing of contractual documentation, management of unilateral modification proposal to customers, management of complaints and application of economic conditions through the dedicated company system.

Whit reference to the inspection carried out by Bank of Italy in 2017, aimed at analysing the governance and controls system and the management of operational and IT risks within BancoPosta's activities, the adjustment action plan is still in progress and is proceeding according to the scheduled timeline.

Italian Insurance Services Regulator (IVASS)

Notification of breaches sent to Poste Vita and Poste Assicura

- Poste Vita

On 19 February 2020, IVASS sent to Poste Vita a notice alleging the violation of article 183 of the Legislative Decree no. 209 of 2005 (the **Private Insurance Code**) due to Poste Vita's late payment of one life insurance policy. Pursuant to article 310 of the Private Insurance Code, Poste Vita may be fined with a pecuniary administrative sanction of a minimum amount of Euro 30,000,00. Poste Vita submitted its defense briefs to the Insurance Supervisory Authority (**IVASS**) and is awaiting the findings of the procedure.

On 25 August 2020, IVASS sent to Poste Vita a notice alleging the violation of article 183 of the Private Insurance Code due to Poste Vita's late payment of two life insurance policies. Pursuant to article 310 of the Private Insurance Code, Poste Vita may be fined with a pecuniary administrative sanction of a minimum amount of Euro 30.000,00. Poste Vita submitted its defense briefs to IVASS and is awaiting the findings of the procedure.

- Poste Assicura

On 25 August 2020, IVASS sent to Poste Assicura a notice of breach alleging Poste Assicura's late response to a complaint. Pursuant to articles 183 and 310 of the Private Insurance Code, Poste Assicura may be fined with a pecuniary administrative sanction of a minimum amount of Euro 30,000,00. Poste Assicura submitted its defense briefs to IVASS and is awaiting the findings of the procedure.

Other litigation

In 2011, as part of a criminal investigation of third parties, the Tax Office in Rome, acting on behalf of local judicial authorities, seized accounting and administrative documents from Postel related to e-procurement transactions carried out in 2010 and, to a lesser extent, in 2011; as a precautionary measure, e-procurement operations were suspended in 2011. Postel and its external legal advisors will consider what actions to take to best safeguard the Postel's interests, should it be necessary.

In 2017, Postel decided to adopt the facilitated settlement, pursuant to article 11 of the Legislative Decree No. 50 of 24 April 2017, which provides for the payment of taxes and interests for late registration in the register matured up to the 60th day following the notification of the deed, with the exemption of penalties and default interest. In the hearings relating to the appeals lodged against the notification of audit notices for the tax period 2010 (17 October 2017) and 2011 (6 December 2017), the Tax Commission took note of the request for judicial suspension and the company's access to the definition of pending litigations and, therefore, postponed the new proceeding, waiting for the Tax Collection Agency (*Agenzia delle Entrate*) to verify the regularity of the request and the presence of the conditions required by article 11 of Legislative Decree No. 50 of 24 April 2017 for the validity of the definition. The actions brought against Postel were cancelled by Tax Commission in the last quarter of 2018.

In November 2018, the Consorzio Postemotori (the **Consortium**) was served with an order issued by the Criminal Court of Rome ordering a precautionary seizure of Euro 4.6 million against the Consortium and against the personal assets of the former and current executive Director of the Consortium. On March 8, 2019, the Consortium was served with an order of the Court of Rome relating to the setting of the preliminary hearing and the corresponding request for an indictment issued on February 27, 2019, by the Public Prosecutor against the current and the former executive Director of the Consortium. On June 2, 2019, the Court reviewed the matter and issued an order terminating the proceedings against the current executive Director and revoked the precautionary seizure that had been enforced against him. On June 11, 2019, Eva Informatica S.r.l. sent to Postel a demand for an overdue payment, and inviting Postel to participate in voluntary assisted negotiations in accordance with Italian law. The negotiation has had a negative outcome. The demand for payment is for approximately Euro 1.7 million, plus default interest, allegedly due by Postel as consideration for services it had requested under two separate orders governed by a framework agreement for the supply of certain administrative and data entry services. Postel has disputed the invoices for which payment is being requested with the notice, and is currently reviewing the request and verifying the amounts at issue.

Anti-money laundering

At the date hereof, Poste Italiane has 61 pending notifications regarding the violation of the anti-money laundering legislation, of which (i) 7 concern the failure to report suspicious transactions to the FIU, (ii) 51 concern the failure to report to the MEF, (iii) 2 concern the customer due diligence (an obligation imposed by Legislative Decree 231/2007 when either a continuing relationship is established, occasional transactions are put in place, there are suspicions in relation to money laundering or terrorist financing or there are doubts in relation to data previously obtained from the client) and (iv) 1 concerns documents keeping (an obligation imposed by Legislative Decree 231/2007 for anti-money laundering purposes to collect specific qualitative information relating to the client relationship and quantitative information regarding transactions).

Italian Pension Funds Regulator (Commissione di Vigilanza sui Fondi Pensione)

On 4 October 2016, the Italian Pension Funds regulator launched an inspection focusing on the PostaPrevidenza Valore individual pension plan. On 14 July 2017 the regulator notified the company that the inspection has been completed. Poste Vita is awaiting for the findings of such inspection.

Proceedings concerning social security

Since 2012, the INPS office at Genoa Ponente has issued a number of notices of adjustment to Postel and Postelprint S.p.A. (regarding an agreement relating to a merger with Postel signed on 27 April 2015, effective for accounting and tax purposes from 1 January 2015), some of which have resulted in payment orders, for a total payable amount of Euro 24.9 million as at 30 September 2020. According to the INPS, this amount represents the social security contributions that the two companies failed to pay. The companies immediately challenged the grounds for the payment orders, initially through administrative channels before the Administrative Committee for Employee Pensions, and then in the form of legal action before the Court of Genoa.

On 20 June 2016 the Court ruled in favour of Postel with reference to the opposition to the manager's contributions. By judgement No. 625/2017 and No. 626/2017 issued on 11 July 2017, the Court of Genoa ordered Postel to pay the difference between the contributions paid by Postel to its employees and what was actually owed to INPS (by way of Cassa Unica Assegni Familiari (**CUAF**)), for an amount equal to approximately Euro 220.000,00, which was paid by the company on 20 October 2017.

On 9 March 2018, the INPS lodged an appeal, contesting the merits of the judgment and the amount requested. In the view of the INPS, the rate applicable for contributions to family benefits, in line with recent guidance issued by the INPS, should have been 4.40% in place of the 0.68% applied in the payment notices involved in the court action.

On 23 April 2018, INPS appealed against the sentences (i.e. No. 625/2017 and 626/2017) issued by the Court of Genoa and the hearing was scheduled for the Genoa Court of Appeals on the 20 June 2018. By means of judgements n. 399/2018 and 400/2018 both issued on December 28, 2018 the Court of Genoa fully confirmed the first instance sentences. INPS lodged an appeal of the judgements before the Supreme Court. Postel has been notified of the appeal and has filed a defense brief and a cross appeal. As at the date of this Base Prospectus, the Supreme Court has yet to schedule the hearing.

INPS – Proceedings concerning social security

With sentence no. 763/2019 of 19 September 2019 (for the joined cases RG 5070/2016 and 238/2017), the Court of Genoa ruled on another similar proceeding regarding the debit notices relating to social security contributions, confirming the position already expressed by the judgement issued on 11 July 2017. In particular, Postel was ordered to pay to INPS, for the period from May 2011 to November 2012, the difference between the contributions paid by Postel to its employees and what was actually owed to INPS (by way of CUAF), for an amount of approximately Euro 60,005.32 for contributions and Euro 21,117.83 for penalties.

In this regard, it should be noted that, in the course of the aforementioned proceeding, INPS asked to recalculate the CUAF rate to 4.40% compared to that of 0.68% requested with the debit notices. However, this request was rejected by the Court of Genoa on the grounds that the time for such request was expired.

To date, further proceedings are pending (before the Court or directly before INPS) against other acts notified by INPS concerning different contribution periods for the months from May 2009 to June 2020 (excluding those for which Postel has already been sentenced or has spontaneously fulfilled the payment).

It should be noted that in all pending proceedings the INPS asked for Postel to pay the CUAF at 4.40% compared to that requested with the debit notices calculated at 0.68%.

The degree of uncertainty linked to the outcome of the pending court cases has, in any event, been prudentially taken into account in calculating provisions for risks and charges at 30 September 2020.

Corporate Governance

The corporate governance system adopted by Poste Italiane complies with the principles set out in the so-called Corporate Governance Code for listed companies (*Codice di Autodisciplina delle Società Quotate*)

issued by Borsa Italiana S.p.A. (2018 edition), the provisions of Consolidated Financial Act (where applicable), and the Supervisory Regulation issued by the Bank of Italy and applicable to Poste Italiane as a result of business activities conducted through its segregated capital – established by Poste Italiane with effect from 2 May 2011, pursuant to article 2, paragraph 17-*octies* ff. of Legislative Decree no. 225 of 29 December 2010, converted with amendments into Law no. 10, February 26, 2011, in a resolution by the Shareholder's Meeting held in extraordinary session on 14 April 2011 – exclusively dedicated to the exercise of BancoPosta activities.

It should be noted that on 31 January 2020, the Corporate Governance Committee of the Italian Stock Exchange published a new version of the Corporate Governance Code, clarifying that companies that adopt the Code are to apply it with effect from the first fiscal year that begins after 31 December 2020, and are to inform the relevant market in the report on corporate governance to be published from 2022. As a result of this, Poste Italiane is going to apply the new Code in line with the timing established.

With regard to the governance system adopted by BancoPosta RFC, the rules governing the organisation, management and control of BancoPosta's operations are contained in the specific BancoPosta Regulation approved by the extraordinary General Meeting of 14 April 2011 and amended by the extraordinary General Meetings of 31 July 2015 and 29 May 2018 (the **BancoPosta Regulation**). The amendments of 29 May 2018 had effect as of 1 October 2018.

As a result of the Supervisory Regulation applicable to BancoPosta RFC, as amended on 27 May 2014, in conducting BancoPosta's activities Poste Italiane is comparable – for the purposes of application of corporate governance regulations – to major banks in terms of size and operational complexity. In envisaging the prudential standards for banks applicable to BancoPosta RFC, the Bank of Italy took into account the entity's peculiar nature, which made the application of certain exemptions necessary. These primarily regard the regulations governing "major exposures" and "related parties", the countercyclical capital buffer, the Leverage Ratio, the Liquidity Coverage Ratio (**LCR**) and Net Stable Funding Ratio (**NSFR**).

In addition to Pillar 1 capital requirements (credit, counterparty, market and operational risks) and the self-assessment of capital adequacy with respect to all the identified risks (**ICAAP**, the Internal Capital Adequacy Assessment Process), requiring preparation of an annual report to be sent to the Bank of Italy for the purposes of its Supervisory Review and Evaluation Process (**SREP**), the prudential standards applied to BancoPosta RFC also require public disclosure of capital adequacy, risk exposure and the general characteristics of the related management and control systems.

Relevant Internal Committees

The **Audit, Risk and Sustainability Committee**, established in 2015, whose role, based on adequate research activity, is to act in an advisory capacity and make recommendations to support the Board of Directors in assessing and making decisions regarding Poste Italiane internal control and risk–management system and, from February 2018, issues relating to Poste Italiane's sustainability.

The **Financial and Insurance Services Committee**, established on 19 March 2018 to replace the previous so-called "Finance, Savings and Investment Committee", with the aim of supervising the process of developing the products and services distributed by BancoPosta, in order to take a uniform, integrated view of the entire offering and to monitor the performance of the financial investments in which private customer deposits are invested.

An "**Investment Committee**" established at the Group's insurance company, Poste Vita, which, based on analyses by the relevant functions, provides advice to senior management on the development, implementation and oversight of investment strategy.

Appropriate functions established within the Parent Company and the subsidiaries providing financial and insurance services (BancoPosta Fondi and Poste Vita) that perform so-called "Risk Measurement and Control

activities", ensuring the organisational separation of risk assessment from risk management activities. The results of these activities are examined by the relevant advisory Committees which are responsible for carrying out an integrated assessment of the main risk profiles.

Employees

The table below provides information on the Group's workforce:

	Number of employees			
	Average for the year ended 31 December		At 31 December	
Permanent workforce	**2019**	**2018**	**2019**	**2018**
Executives	674	690	675	672
Middle managers	15,078	15,582	14,705	15,192
Operational staff	103,181	109,279	98,975	105,892
Back-office staff	2,175	600	4,168	909
Total employees on permanent contracts *	**121,108**	**126,151**	**118,523**	**122,665**
Total permanent and flexible workforce	**129,243**	**134,360**		

(*) Expressed in full-time equivalent terms.

Information Technology

Poste Italiane's information flows are supported by information systems that, *inter alia*, collate, classify and record transactions for the purposes of processing as well as preparing and controlling financial reporting. The IT processes represent the working model of IT and are based on COBIT framework.[6] The IT processes together with the IT infrastructure and software applications are under the responsibility of the Chief Digital, Technology & Operations Officer.[7] The IT processes relate to planning, development, maintenance and monitoring of hardware, software, network, and the provision of assistance services to end users.

The IT infrastructure and software applications support the business processes of financial, insurance, payment and logistic services.

Summary Financial Information relating to the Issuer

The following tables summarise the consolidated statement of financial position, the consolidated statement of profit or loss and the consolidated summary statement of cash flows of the Issuer. All amounts in the following statements are shown in millions of Euros and have been derived from the audited consolidated financial statements of the Issuer as at and for the years ended 31 December 2019 and 31 December 2018.

The Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards (**IFRS**) issued by the International Accounting Standards Board (**IASB**) and adopted by

[6] COBIT (Control Objectives for Information and Related Technology) is a set of best practices (framework) for information technology management created by the American ISACA (Information Systems Audit and Control Association) and ITGI (IT Governance Institute) to provide internationally generally accepted measures for the assessment and improvement a company's IT governance and control.

[7] IT systems relating to human resources are under the direct control of Human Resources and Organisation.

the European Union with Regulation (EC) No. 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.

The preparation of the annual accounts requires for the application of accounting standards and methods that are at times based on complex subjective judgements, of estimates that are based on historical experience, and of assumptions which shall be considered reasonable and realistic under the related circumstances. Use of such estimates and assumptions affects the final amounts reported in the financial statements and its related disclosures. Estimates and assumptions are periodically reviewed and the impact of any changes is reflected in the financial statements solely for the period in which the estimate is revised, if the revision only influences said period, or, if the revision influences both current and future periods, for any future period which may be influenced (for further details, see Section 2.5 of the Annual Report at 31 December 2019 and Section 2.4 of the Interim Report at 30 June 2020).

The Group's tax expense and related accounting treatment reflect the effects of the decision by Poste Italiane to adopt a tax consolidation arrangement, in accordance with relevant legislation, together with the subsidiaries Poste Vita, SDA Express Courier, Poste Air Cargo, Postel, Risparmio Holding *in liquidazione* S.p.A., (on 5 June 2019 Risparmio Holding was removed from the Companies' register), Europa Gestioni Immobiliari S.p.A., Poste Welfare Servizi, Poste Assicura, BancoPostaFondi and PostePay. The tax consolidation arrangement is governed by Group regulations based on the principles of neutrality and equality of treatment, which are intended to ensure that the companies included in the tax consolidation are in no way penalised as a result. Following adoption of the tax consolidation arrangement, the Parent Company's tax expense is determined at a consolidated level on the basis of the tax expense or tax losses for the period for each company included in the consolidation, taking account of any withholding tax or advances paid.

Poste Italiane posts its IRES tax expense to income taxes for the period after adjustments to take account of the positive or negative impact of tax consolidation adjustments. Should the reductions or increases in tax expense deriving from such adjustments be attributable to the companies included in the tax consolidation, Poste Italiane attributes such reductions or increases in tax expense to the companies in question. The economic benefits deriving from the offset of tax losses transferred to the consolidating entity by the companies participating in the tax consolidation arrangement are recognised in full by Poste Italiane.

Consolidated statement of financial position

(€m)

ASSETS	At December 2019	At December 2018
Non-current assets		
Property, plant and equipment	2,015	1,945
Investment property	44	48
Intangible assets	648	545
Right-of-use assets	1,254	-
Investments accounted for using the equity method	617	497
Financial assets	194,207	170,922
Trade receivables	5	7
Deferred tax assets	1,199	1,368
Other receivables and assets	3,729	3,469
Technical provisions attributable to reinsurers	58	71
Total	**203,776**	**178,872**

Current assets		
Inventories	140	136
Trade receivables	2,166	2,192
Current tax assets	52	117
Other receivables and assets	938	1,111
Financial assets	24,727	19,942
Cash and deposits attributable to BancoPosta	4,303	3,318
Cash and cash equivalents	2,149	3,195
Total	**34,475**	**30,011**
TOTAL ASSETS	**238,251**	**208,883**

Consolidated statement of financial position (continued)

(€m)

LIABILITIES AND EQUITY	**At December 2019**	**At December 2018**
Equity		
Share capital	1,306	1,306
Reserves	2,646	1,531
Treasury shares	(40)	-
Retained earnings	5,786	5,268
Total Equity attributable to owners of the Parent	**9,698**	**8,105**
Equity attributable to non-controlling interests	-	-
Total	**9,698**	**8,105**
Non-current liabilities		
Technical provisions for insurance business	140,261	125,149
Provisions for risks and charges	501	656
Employee termination benefits	1,135	1,187
Financial liabilities	13,964	7,453
Deferred tax liabilities	887	701
Other liabilities	1,525	1,379
Total	**158,273**	**136,525**
Current liabilities		
Provisions for risks and charges	717	863
Trade payables	1,627	1,583
Current tax liabilities	274	12
Other liabilities	2,110	2,319

Financial liabilities	65,552	59,476
Total	**70,280**	**64,253**
TOTAL EQUITY AND LIABILITIES	**238,251**	**208,883**

Consolidated statement of profit or loss

(€m)

	For the year ended 31 December 2019	For the year ended 31 December 2018
Revenue from Mail, Parcels & other	3,492	3,579
Revenue from Payments, Mobile & Digital	664	628
Revenue from Financial Services	5,213	5,186
of which, non-recurring income	-	*120*
Revenue from Insurance Services after movements in technical provisions and other claims expenses	1,669	1,471
Insurance premium revenue	*17,913*	*16,720*
Income from insurance activities	*5,478*	*3,604*
Net change in technical provisions for insurance business and other claims expenses	*(21,463)*	*(17,111)*
Expenses from insurance activities	*(259)*	*(1,742)*
Net operating revenue	**11,038**	**10,864**
Cost of goods and services	2,287	2,343
Expenses from financial activities	79	46
Personnel expenses	5,896	6,137
Depreciation, amortisation and impairments	774	570
of which, non-recurring costs/(income)	-	*33*
Capitalised costs and expenses	(31)	(17)
Other operating costs	200	239
Impairment loss/(reversal) on debt instruments, receivables and other assets	59	47
Operating profit/(loss)	**1,774**	**1,499**
Finance costs	73	71
of which, non-recurring costs	-	-
Finance income	105	106
of which, non-recurring income	-	-
Impairment loss/(reversal) on financial instruments	46	20
of which, non-recurring expense/(income)	46	-
Profit/(Loss) on investments accounted for using the equity method	112	(24)
of which, non-recurring income/(expense)	*88*	-

Profit/(Loss) before tax	**1,872**	**1,490**
Income tax for the year	530	91
of which, non-recurring expense/(income)	-	*(351)*
NET PROFIT FOR THE PERIOD	**1,342**	**1,399**
of which, attributable to owners of the Parent	1,342	1,399
of which, attributable to non-controlling interests	-	-
Earnings per share	**1.032**	**1.071**
Diluted earnings per share	**1.032**	**1.071**

Consolidated summary statement of cash flows

(€m)

		For the year ended 31 December 2019	For the year ended 31 December 2018
Cash and cash equivalents at beginning of year		**3,195**	**2,428**
Cash flow generated by operating activities before movements in working capital	[a]	1,997	1,528
Cash flow generated by/(used in) movements in working capital	[b]	(214)	(305)
Cash generated by/(used for) financial assets/liabilities attributable to financial activities, payments, cards and acquiring and insurance	[c]	(663)	1,374
Net cash flow from/(for) operating activities	**[d]=[a+b+c]**	**1,120**	**2,597**
Net cash flow from/(for) investing activities	**[e]**	**(732)**	**(281)**
Net cash flow from/(for) financing activities and shareholder transactions	**[f]**	**(1,434)**	**(1,549)**
Net increase/(decrease) in cash	**[g]=[d+e+f]**	**(1,046)**	**767**
Cash and cash equivalents at end of year		**2,149**	**3,195**

Key events during 2019 and the first half of 2020

Treasury Shares Buy-Back

On 4 February 2019, Poste Italiane launched a buyback programme authorised by the Annual General Meeting of shareholders held on 29 May 2018. The programme has been completed on 29 March 2019. Over the period of this programme, from February 4 to March 29, 2019 (both inclusive), a total of no. 5,257,965 own shares (representing 0.4026% of Poste Italiane's share capital) were bought, at an average price of Euro 7,608, for a total value of Euro 39,999,993.98. Upon conclusion of this programme, the buy-back authorisation issued by

the Shareholders' Meeting of May 29, 2018 stood for an amount equal to Euro 460,000,006.02. Subsequent to this programme until its expiry in November 2019, as a result Poste Italiane holds 5,257,965 own shares (representing 0.4026% of Poste Italiane's share capital).

Investment in FSIA

On 14 March 2019, FSIA Investimenti Srl, an investment vehicle 30% owned by Poste Italiane (the remaining 70% is indirectly controlled by CDP Equity via FSI Investimenti), announced its intention to exercise its call option on 7.934% of the shares in SIA SpA held by UniCredit and Intesa Sanpaolo. On 28 May 2019, the relevant purchase and sale agreement was signed, which was finalised after FSIA obtained the necessary authorisations from the Antitrust Authority and the Bank of Italy, the latter received on 24 October 2019. Moreover, on 27 May 2019, the shareholders agreements that gave FSIA Investimenti, together with other shareholders, joint control of SIA expired. Following these events, the CDP Group acquired sole control of FSIA Investimenti, which in turn holds 57.4% of the share capital of SIA SpA. Poste Italiane's indirect investment in SIA SpA (via FSIA Investimenti) rose from 14.85 to 17.23%. At 31 December 2019, Poste Italiane's investment in FSIA Investimenti was classified as associate, in place of the previous joint control.

Establishment of Poste Insurance Broker

On 12 April 2019, Poste Assicura established Poste Insurance Broker Srl, an insurance brokerage company set up to oversee relations with partner insurance companies in order to launch a pilot project for the offer of vehicle insurance policies to employees.

Partial demerger of SDA in favour of Poste Italiane

On 20 June 2019, the Extraordinary General Meeting of SDA Express Courier's shareholders and, on 27 June 2019, the Board of Directors of Poste Italiane, approved the partial demerger of the business unit responsible for commercial and Customer care activities relating to SDA's Express Parcel Delivery services to Poste Italiane. The transaction is part of the plan to create a "Single Offering", with the aim of boosting the competitiveness and effectiveness of the Group's positioning in the Express Delivery market by putting in place a single, comprehensive offering for all customers, with the reorganization of the sales force and customer support. The demerger became effective on 1 November 2019.

Poste Vita Bond Repayment

A five-year subordinated bond issue with a nominal value of Euro 750 million, issued by Poste Vita on 30 May 2014, was repaid at maturity in May 2019.

Partnership in the logistic operations

On 7 May 2019, Poste Italiane entered into a partnership with the German digital road-freight-forwarder, sennder GmbH, with the goal of establishing a joint venture in Italy in line with the *Deliver 2022* Strategic Plan, to boost the efficiency of long-haul logistics operations (so called Full Track Load). On 24 September 2019, the final agreements governing the arrangements for collaboration in the Full Track Load sector, the joint venture's operating and governance mechanisms, were entered into. In addition, an investment by Poste Italiane in the capital of sennder GmbH was completed on 11 November 2019 with the subscription by Poste Italiane to a reserved capital increase following which Poste Italiane holds a 1.63% investment in the share capital of the German company. Finally, on 12 February 2020, Poste Italiane subscribed a capital increase at nominal value in the Italian joint venture, called sennder Italia Srl, acquiring a 75% investment in the share capital. On 25 February 2020, to support business needs in the start-up phase, Poste Italiane made an additional capital contribution of Euro 3 million.

Intra-Group transfer of SDA Express Courier's ICT business unit to Poste Italiane

On 1 July 2019 SDA Express Courier transferred its Information and Communication Technology business unit to Poste Italiane. The transfer is aimed at improving the efficiency of subsidiaries' ICT processes by centralising these activities within Poste Italiane.

Partnership ***with Milkman***

As part of its collaboration with technology start-up company Milkman SpA, which specialises in the management of "last mile" logistics for advanced delivery services in Italy, on 24 April 2020, Poste Italiane subscribed a capital increase of Euro 15 million in MLK Deliveries SpA, acquiring 70%; the remaining 30% is held by Milkman SpA. Moreover, the acquisition includes purchase and sale options that will allow Poste Italiane, starting from the second quarter of 2023, to purchase the additional 30% of MLK Deliveries SpA and ownership of the Milkman technology for e-commerce applications. The exercise price of these options is not fixed but determined on the basis of a formula that provides for the application of a multiplier to certain economic/equity targets of MLK Deliveries SpA.

Partnership with Moneyfarm

On 2 August 2019, Poste Italiane, in line with the *Deliver 2022* Strategic Plan, launched a partnership with the digital asset management company MFM Investments Ltd (Moneyfarm) to offer innovative digital investment and asset management services. The agreement provides that Poste Italiane will distribute an asset management service in Exchange Traded Funds (ETFs) with 7 investment lines of which 2 have been developed exclusively for its customers. As part of this partnership, on 9 August 2019, Poste Italiane signed a contract with MFM Holding Ltd (the company that controls 100% of Moneyfarm) which provides for a capital increase by the latter for a value of approximately Euro 40 million (GBP 36 million) through the issue of convertible preference shares to be subscribed by Poste Italiane, as lead investor, and Allianz Asset Management GmbH (the minority shareholder of Moneyfarm Holding Ltd). The capital increase involves two phases. In the first phase, which ended in August 2019, Poste Italiane subscribed shares in MFM Holding Ltd for a total value of Euro 15 million, representing 9.70% of voting rights (10.36% of equity rights). In the second phase, additional MFM Holding shares were subscribed for a total value of approximately Euro 9.6 million, with an increase in the investment of up to 14.10% of voting rights (15.16% of property rights). The latter was finalised on 13 May 2020 when the necessary authorisations were obtained by the supervisory authorities Bafin and the Financial Conduct Authority.

Partnership with Tink

On 20 December 2019, Poste Italiane signed certain agreements for the establishment of a strategic partnership with the Swedish company Tink AB, one of the leading Open banking platforms in Europe. As part of these agreements, on 10 March 2020, the Poste Group, through its subsidiary Postepay S.p.A., completed the subscription of the Tink AB capital increase with an investment of approximately Euro 20 million, against an investment of 5.1% in the issued share capital, or 4.8% on a fully diluted basis. In addition, on 18 June 2020, PostePay participated in a new capital increase with an investment of Euro 0.63 million, keeping the investment of 4.8% unchanged.

Partnership with Volanté

On 26 June 2020, PostePay signed certain agreements for the establishment of a strategic partnership with Volanté, a US company specialising in the development of technological solutions underlying payment processes. In addition to the provision to Poste Italiane under perpetual license of the Volpay payment platform for enabling instant bank transfers (SEPA Credit Transfer Instant) and the development of payments based on QR Code, these agreements also provide for the launch of a long-term strategic collaboration aimed at developing new solutions in the world of payments to enrich the Poste Group offer to customers. As part of these agreements, Postepay also adhered, with other investors, to a capital increase in Volanté with an investment of approximately $5 million in return 3.5% in the share capital issued, or 2.9% on a fully diluted basis. The operation took effect on 2 July 2020.

Intra-Group sale of Poste Vita ICT management business unit to Poste Italiane

The sale of Poste Vita, Poste Assicura and Poste Welfare Servizi ICT management business units to Poste Italiane took effect on 1 March 2020. The transaction is part of the process of making Poste Group ICT processes more efficient by centralising the management of the subsidiaries' information systems at the Parent Company.

Dividend distribution, including the introduction of an interim dividend since November 2019

The General Meeting held on 28 May 2019 approved a dividend distribution of Euro 0.441 per share, distributed in June 2019. The total dividend amounts to approximately Euro 573.7 million, out of a consolidated net profit for the Group of Euro 1,399 million. The dividend reflects a 5% growth with respect to the previous year. In addition, in November 2019, an interim dividend of Euro 0.154 per share was distributed for the first time. On 15 May 2020, the General Meeting approved the 2019 Financial Statements and overall dividend of Euro 0.463 per share (Euro 0.154 already paid as interim dividend in November 2019 and the balance of Euro 0.309 paid in June 2020). Such dividend also reflects a 5% growth with respect to the previous year.

Summary Financial Results - Year ended 31 December 2019

The performance in 2019 has enabled the Group to achieve a consolidated operating profit of Euro 1,774 million, registering growth of 18.4% compared with the previous year (Euro 1,499 million). This was primarily due to revenue growth in almost all the Group's operating segments and a reduction in operating costs.

Profit for the year ended 31 December 2019 of Euro 1,342 million is down 4% on the previous year (profit of Euro 1,399 million). Capital expenditure rose significantly (from Euro 538 million in 2018 to Euro 734 million in 2019, representing an increase of 36%) in order to support the transformation of the Parent Company and the individual businesses. In line with the investment programme for the period 2018-2022, designed to support the *Deliver 2022* plan, around 80% of the Group's investment (Euro 590 million) focused on the transformation of the Mail, Parcels and Distribution Strategic Business Unit, in which the reorganisation of the transport, sorting and delivery activities continued.

The Group's total external revenue amounts to Euro 11 billion and is up Euro 174 million compared to the previous year (up by 1.6%). Total external revenue from Mail, Parcels and Distribution services is down from Euro 3,580 million in 2018 to Euro 3,492 million, reflecting lower revenue from traditional letter post (down Euro 166 million), largely offset by the performance of parcels segment revenue (up Euro 91 million, representing an increase of11.9% compared to 2018), which grew in the B2C segment driven by the expansion of e-commerce which generated revenue of Euro 383 million, an increase of 27% compared with 2018.

The PMD segment contributed Euro 664 million to total external revenue, an increase of 12% compared to 2018. This reflects a good performance of the Monetics segment, which increased by 16.5% from Euro 290.6 million in 2018 to Euro 338.4 million (up Euro 47.8 million), due to the growth in card stock and operations in terms of higher payments, number of withdrawals and average top-ups, as well as the Mobile segment which recorded a 10.6% increase from Euro 216.8 million in 2018 to Euro 239.7 million (up Euro 22.9 million).

External revenue from Financial Services amounted to Euro 5,213 million, substantially in line with the previous year (down 0.2%), which however benefited from the effects of the non-recurring transaction carried out, for Euro 120 million in the asset management sector, following agreements between Poste Italiane and Anima Holding to strengthen the partnership in this sector.

The Insurance Services strategic business unit contributed Euro 1,670 million to total external revenue, reflecting an increase of 13.4% (Euro 1,472 million in the previous year) essentially due to the performance

of the life insurance business, which contributed Euro 1,511 million, whilst the P&C contributed Euro 148 million, net of Poste Welfare and Services revenue and other revenue.

Total costs are down from Euro 9,366 million in 2018 to Euro 9,264 million, a reduction of 1.1%. This primarily reflects a reduction in personnel expenses (Euro 5.9 billion in 2019, Euro 241 million less compared to 2018), mostly due to lower costs for early retirement incentives (from Euro 619 million to Euro 342 million) and higher recovery of personnel costs due to changes in estimates made in previous years. The ordinary component of the personnel expenses reflects the reduction in the average number of staff employed (over 5,000 FTEs fewer than 2018), which almost entirely offset the increase in the cost per capita linked to the effect of the latest contract renewal (2016-2018 National Collective Labour Contract), as well as the recognition of an all-inclusive amount to cover the entire year 2019 established by an agreement with the labour unions signed on 18 February 2020.

Finance costs amount to Euro 73 million in 2019 (Euro 71 million in 2018); bond charges decreased by Euro 26 million following the repayment in 2018 of the Euro 750 million nominal bond issued by the Parent Company in 2013, partly offset by the increase in charges on lease payables following the application starting from1 January 2019 of IFRS 16 - Leases.

Depreciation, amortisation and impairments amount to Euro 774 million (up Euro 204 million compared with 2018), due to depreciation of right-of-use assets (IFRS 16).

Income taxes expense of Euro 530 million increased by Euro 439 million compared with the previous year. 2018 benefitted from the positive effect of deferred tax assets recognised by Poste Vita (Euro 351 million in non-recurring income for 2010-2017) on the temporary differences arising from the introduction of the new rule on deferred taxation on changes in insurance technical provisions (paragraph 1-bis of art. 111 of the Consolidated Income Tax Act).

Net Profit for 2019 amounts to Euro 1,342 million (Euro 1,399 million for 2018).

The net funds attributable to the Mail, Parcels and Distribution Strategic Business Unit has seen a decline of Euro 1,946 million from net cash of Euro 1,131 million as of 31 December 2018 to net debt of Euro 815 million as of 31 December 2019. The change during the period is mainly affected by the application of the new accounting standard IFRS 16 on 1 January 2019. Lease liabilities as of 31 December 2019 of the Strategic Business Unit amounted to Euro 1,251 million. After adjusting to this change, net debt/(funds) is down from Euro 1,131 million as of 31 December 2018 to Euro 436 million as of 31 December 2019. This is reflected in: (i) operating profit of Euro 249 million; (ii) a net outflow for the change in net working capital, largely due to incentives paid to personnel and other remaining transactions, totalling Euro 191 million; (iii) net investments of about Euro 682 million; and (iv) a net inflow from dividends of Euro 180 million.

The borrowings shown in the above analysis primary regard the following:

- an EIB loan of Euro 173 million maturing in March 2026;
- an EIB loan of Euro 400 million maturing in October 2026; and
- a private placement of approximately Euro 50 million.

An EIB loan of Euro 200 million was repaid in March 2019.

As at 31 December 2019, it was not possible to make a reasonable estimate of the possible medium-term impacts of the spread in Italy of the Covid-19 pandemic.

Summary Financial Results - First Half 2020

The economic impact of the Covid-19 pandemic on the first half of the year for the Group was significant both in terms of reduction in turnover, as a result of the slowdown in operations, coinciding to a significant extent with the lockdown period following the spread of the Covid-19 pandemic in Italy, and in terms of margins as

a result of the higher extraordinary costs generated by the Covid-19 pandemic. This was partly offset by a reduction in operations and the use of smart working, which had a significant impact on the Group's variable costs.

Specifically, the Group's EBIT and net result showed a decrease, not provided for in the 2020 Budget approved in March 2020, compared with the same period in 2019, of 29.2% (down Euro 315 million) and 28.5% (down Euro 218 million) respectively. These trends are not reflected in the 2020 Budget approved in March 2020 and were significantly affected by the phenomena described above and their impact on revenue and costs for the period.

Specifically, the following impacts were recorded on the statement of profit or loss:

- a fall in revenue compared to the first half of 2019 (down 7.9%, or Euro 438 million), due to restrictive measures to contain the spread of contagion (lockdown) and that led to a rapid and sharp fall in economic activity that penalised the Group's revenue from March onwards, with the decline concentrated above all in the second quarter of the year (down 13,1%, or Euro 352 million compared to the same period in 2019);
- in terms of operating expenses, in the midst of the health emergency, the Group's priority has been to protect the health of its employees and customers and support institutions in managing the crisis. To this end, one-off costs of about Euro 53 million were incurred in the first half of the year to cover extraordinary expenses, mainly for the following:
    a. the purchase of personal protective equipment;
    b. the cost of sanitation of premises, vehicles, sorting equipment and the purchase of plexiglass; and
    c. higher security costs at post offices for splitting pension payment days.

In order to take into account the different macroeconomic scenarios characterised by higher risk and uncertainty profiles due to the current pandemic, impairment losses of about Euro 20 million to trade receivables and securities were recognised in the valuation models for expected losses on the Group's financial assets.

On the other hand, the health emergency has generated lower variable costs linked to the slowdown in activities and lower costs linked to the adoption of smart working for over 16,000 employees. The main service cost items that decreased in the first half of the year compared with the first half of 2019 and the reduction of which can be largely attributed to the effects of Covid-19 are the cost of personnel services (mainly for travel and canteen), fund handling expenses, energy and water utilities, etc.

The change in operational processes and working models (e.g. smart working) introduced by the emergency will make these cost savings structural, at least in part.

There were also clear recoveries in personnel expenses compared to the first half of 2019, partly attributable to the health emergency. In particular, during the period, there were cost recoveries of Euro 48 million through recourse to the Solidarity Fund, as well as a marked reduction in certain variable elements of personnel costs, mainly MBO and commercial incentives.

With regard to developments in the second half of the year, the context remains characterised by general uncertainty given the unpredictable evolution of the current pandemic. However, following Italy's exit from the lockdown phase, June already showed clear signs of a recovery in economic performance thanks to the Group's ability to adapt to the emerging characteristics of the "new normality" that emphasises and anticipates some macro-trends already foreseen in the *Deliver 2022* Plan (decline in mail, digital transformation and e-commerce).

The Group's total revenue of Euro 5.1 billion is down Euro 438 million (7.9%) compared to the first half of 2019. Revenue decreased for the Strategic Business Units Mail, Parcels and Distribution (down 16.1%), Insurance Services (down 7.2%) and Financial Services (down 4.9%), partially offset by the positive

contribution of the Payments and Mobile Strategic Business Unit (up 10.3%) compared to the first half of 2019. The negative revenue performance in the first half, significantly affected by the lockdown effect that occurred from March onwards, translated into a marked decline in both the post office network and delivery activities, and was concentrated in the second quarter of the year (down 13.1%).

Total costs amounted to Euro 4,317 million, down from Euro 4,441 million in the first half of 2019 (down Euro 123 million) due mainly to a reduction in personnel expenses totalling Euro 2,633 million in the first half of the year, down Euro 200 million compared to the corresponding period of the previous year mainly due to a reduction in average workforce (about 5,000 FTE less than in the first half of 2019), and the use of the Solidarity Fund to deal with the health emergency.

The decrease in personnel expenses was partly offset by other operating expenses, which amounted to Euro 1,346 million, up Euro 119 million compared with the first half of 2019 due to higher costs of goods and services (up Euro 69 million), mainly related to extraordinary expenses incurred to contain Covid-19 (Euro 53 million), as well as growth in variable costs from Telco traffic and the parcel business.

The higher expenses from financial operations (up Euro 61 million) as at 30 June 2020 were mainly due to losses on the restructuring of the investment portfolio (up Euro 51 million), which were fully offset by gains realised in the half-year.

Taking into account the positive financial management of Euro 8 million and taxes for the period (Euro 228 million), the semester closed with a net profit of Euro 546 million (Euro 763 million in the first half of 2019).

Total net debt/(funds) of the Mail, Parcels and Distribution Strategic Business Unit at 30 June 2020 shows a debt of Euro 1,502 million, Euro 687 million worse than compared to 31 December 2019 (when there was a net debt of Euro 815 million). Net of the financial lease liabilities provided for by IFRS 16 for Euro 1,212 million, net debt/(funds) show debt of Euro 290 million (at 31 December 2019, it showed funds of Euro 436 million).

The financial liabilities in the net debt/(funds) primarily regard the following:

• three medium and long-term loans signed in the first half of 2020 for a total of Euro 750 million;

• use during the first half of the year of uncommitted credit lines for short-term loans for a total of Euro 660 million;

• loans through repurchase agreements on government securities for approximately Euro 508 million;

• an EIB loan of Euro 173 million maturing in March 2026;

• an EIB loan of Euro 400 million maturing in October 2026; and

• a private placement of approximately Euro 50 million.

Key Events since 30 June 2020

Effective from 1 October 2020, Postepay transferred to Poste Italiane its IT business unit which is dedicated to telecommunication and *Postino Telematico* services.

TAXATION

Italy

The statements herein regarding taxation summarise the main Italian tax consequences of the purchase, the ownership and the disposal of the Notes. They apply to a holder of the Notes only if such holder purchases its Notes under this Programme. It is a general summary that does not apply to certain categories of investors and does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to purchase, own or dispose of the Notes. It does not discuss every aspect of Italian taxation that may be relevant to a holder of the Notes and it shall not be considered nor construed as an opinion in connection with any information contained therein. This summary also assumes that the Issuer is resident only in Italy for tax purposes (without a permanent establishment abroad) and that the Issuer is organised and its business will be conducted as outlined in this Base Prospectus. Changes in the Issuer's tax residence, organisational structure or the manner in which the Issuer conduct their business may invalidate this summary.

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Base Prospectus and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The Issuer will not update this summary to reflect changes in laws and if any such changes occur the information in this summary could become invalid.

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Interest and other proceeds

Notes that qualify as "obbligazioni" or "titoli similari alle obbligazioni"

To the extent that Notes qualify as "*obbligazioni*" *or* "*titoli similari alle obbligazioni*", as defined hereunder, interest, premium and other proceeds (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as **Interest**) deriving from Notes, are subject to the tax regime provided for by Legislative Decree No. 239 of 1 April 1996, as subsequently amended (**Decree No. 239**).

In particular, Decree No. 239 applies to such notes which fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) pursuant to Article 44 of Italian Presidential Decree No. 917 of 22 December 1986, as amended (**Decree No. 917**) provided (i) that, *inter alia*, they are issued (a) by banks, or by a company whose shares are traded on a regulated market or multilateral trading facility of an EU or EEA country which is included in the so called "white list" provided for by the Italian Ministerial Decree of 4 September 1996, as amended and supplemented by Ministerial Decree dated 23 March 2017, and possibly further amended by future decree issued pursuant to Article 11(4)(c) of Decree No. 239 (as amended by Legislative Decree No. 147 of 14 September 2015) (**White List**), or (b) by economic public entities transformed in joint-stock companies by virtue of a provision of law (such as the Issuer), or (ii) - if issued by companies other than those mentioned above – provided that, *inter alia*, the notes themselves are traded on the mentioned regulated markets or multilateral trading facilities. For this purpose, debentures similar to bonds are securities, other than shares and securities similar to shares, that incorporate an unconditional obligation to pay, at maturity, an amount not lower than that indicated thereon and that do not allow direct or indirect participation in the management of the issuer or of the business in relation to which they have been issued.

Italian Resident Noteholders

Pursuant to Decree No. 239, where an Italian resident Noteholder, who is the beneficial owner of the Notes, is: (i) an individual not engaged in a business activity to which the Notes are effectively connected, (ii) a non-commercial partnership or professional association, (iii) a non-commercial private or public institution (for

undertakings for collective investment see below) or non-commercial trust, or (iv) an investor exempt from Italian corporate income tax (in each case, unless the relevant Noteholder has entrusted the management of its financial assets, including the Notes, to an authorised intermediary and has opted for the so-called "*Risparmio Gestito*" regime, see under paragraph "Capital Gains", below), interest payments in respect of Notes are subject to a final substitute tax, levied at the rate of 26 per cent. (***imposta sostitutiva***, either when such Interest is paid by the Issuer, or when payment thereof is obtained by the Noteholder on a sale of the relevant Notes).

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities may be exempt from any income taxation, including the *imposta sostitutiva*, on Interest relating to the Notes if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

In case the Notes are held by an Italian resident individual or non-commercial private or public institution (including non-commercial trusts) engaged in a business activity and are effectively connected to its business activity, then Interest (i) will be subject to the *imposta sostitutiva* on account of income tax due and (ii) will be included in the relevant Noteholder's annual taxable income to be reported in the income tax return. As a consequence, such Interest will be subject to the ordinary income tax and the *imposta sostitutiva* may be recovered as a deduction from the income tax due.

Pursuant to Decree No. 239, *imposta sostitutiva* is generally applied by banks, *società di intermediazione mobiliare* (**SIMs**), fiduciary companies, *società di gestione del risparmio* (**SGRs**), stock exchange agents and other entities identified by relevant decrees of the Ministry of Economics and Finance (the "**Intermediaries**" and each an "**Intermediary**").

An Intermediary must: (i) be (a) resident in Italy, (b) a permanent establishments in Italy of Intermediaries resident outside Italy, or (c) 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 239; and (ii) intervene, in any way, in the collection of Interest or in the transfer of the Notes. For the purpose of the application of *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes.

In order to apply the *imposta sostitutiva*, an Intermediary opens an account (the **single account**) to which it credits the *imposta sostitutiva* in proportion to the Interest accrued. In the event that more than one Intermediary participates in an investment transaction, the *imposta sostitutiva* in respect of the transaction is credited to or debited from the single account of the Intermediary having the deposit or investment management relationship with the investor.

Where the Notes and the relevant coupons are not deposited with an Intermediary meeting the requirements under (i) and (ii) above, the *imposta sostitutiva* is applied and withheld by any Italian bank or any Italian intermediary paying Interest to a Noteholder or by the Issuer.

The *imposta sostitutiva* regime described herein does not apply in cases where the Notes are held in a discretionary investment portfolio managed by an authorised intermediary pursuant to the so-called discretionary investment portfolio regime (the "*Risparmio Gestito*" regime), as described under "Capital Gains", below. In such a case, to the extent that the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an Intermediary, Interest will not be subject to *imposta sostitutiva* but will contribute to determine the annual net accrued result of the managed portfolio, which, subject to certain exemptions, is generally subject to an ad hoc substitute tax of 26 per cent.

Where an Italian resident Noteholder is a corporation or a similar commercial entity (including commercial trusts and permanent establishments in Italy of foreign entities to which the Notes are effectively connected) and the Notes and the relevant coupons are deposited in a timely manner directly or indirectly with an

Intermediary, then payments of Interest on Notes will not be subject to the *imposta sostitutiva*, but Interest accrued on the Notes must be included in the relevant Noteholder's annual corporate taxable income, subject to Italian income corporate tax (**IRES**), currently applying at 24 per cent. rate (possibly increased to 27.5 per cent. for certain categories of investors e.g. banks and certain financial institutions) and in certain circumstances, depending on the "status" of the Noteholder, also in the net value of production for the purposes of regional tax on productive activities (**IRAP**) generally applying at the rate of 3.9 per cent (IRAP applies at different rates for certain categories of investors, e.g. banks, financial institutions and insurance companies and, in any case, can be increased by regional laws).

If an investor is resident in Italy and is an open-ended or a closed-ended investment fund, a SICAF (an investment company with fixed capital) or a SICAV (an investment company with variable capital) established in Italy (the **Funds**), and either (i) the Funds or (ii) their manager are subject to the supervision of a regulatory authority, and the Notes are held by an authorised intermediary, Interest accrued during the holding period on the Notes will not be subject to *imposta sostitutiva*, but must be included in the management results of the Funds accrued at the end of each tax period. The Funds will not be subject to taxation on such result, but a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the **Collective Investment Fund Tax**). The above described regime, applicable to the Funds, should also apply to Italian real estate investment funds and Italian real estate SICAFs (the **Real Estate Investment Funds**). A withholding tax may apply in certain circumstances at a rate up to 26 per cent. on distributions made by the Real Estate Investment Funds and, in certain cases, a tax transparency regime may apply in respect of certain categories of investors, owning more than 5 per cent. of the Italian Real Estate Investment Fund's units.

Where an investor is an Italian pension funds subject to the regime provided for by Article 17 of Legislative Decree No. 252 of 5 December 2005 (the **Pension Funds**) and the Notes are deposited in a timely manner directly or indirectly with an Intermediary, then Interest on Notes will not be subject to the *imposta sostitutiva*, but will be included in the results of the relevant portfolio accrued at the end of the relevant tax
period which will be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, Interest relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set under Italian law

Non-Italian Noteholders

Interest payments relating to Notes may be exempt from taxation with respect to certain beneficial owners of the Notes resident outside of Italy, without permanent establishment in Italy to which the Notes are effectively connected. In particular, pursuant to Decree No. 239, subject to timely compliance with all the requirements and procedures set forth in Decree No. 239 and in the relevant implementation rules, as outlined in brief below, an exemption applies to any non-Italian resident beneficial owner of the Notes who is: (i) resident, for tax purposes, in a country included in the White List or (ii) an international body or entity set up in accordance with international agreements entered into force in Italy; or (iii) a central bank or an entity also authorised to manage the official reserves of a state; or (iv) subject to certain exceptions, is an institutional investor which is resident or established in a country included in the White List, even if it does not possess the status of taxpayer in its own country of residence or establishment.

The exemption procedure for non-Italian resident Noteholders to ensure payment of Interest in respect of the Notes without application of the *imposta sostitutiva* identifies two categories of Intermediaries:

(a) an Italian or foreign bank or financial institution (there is no requirement for the bank or financial institution to be EU resident) (the **First Level Bank**), acting as intermediary in the deposit of the Notes and the relevant coupons held, directly or indirectly, by the Noteholder with a Second Level Bank (as defined below); and

(b) an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, acting as depositary or sub-depositary of the Notes appointed to maintain direct relationships, via telematic link, with the Italian tax authorities (the **Second Level Bank**). Organizations and companies non-resident in Italy, providing a centralised administration of securities and directly connected with the Department of Revenue of the Ministry of Economics and Finance (which include Euroclear and Clearstream, Luxembourg) are treated as Second Level Banks, provided that they appoint an Italian representative (an Italian resident bank or SIM, or a permanent establishment in Italy of a non-resident bank or SIM, or a central depositary of financial instruments pursuant to Article 80 of the Consolidated Financial Act) for the purposes of the application of Decree No. 239.

In the event that a non-Italian resident Noteholder deposits the Notes and the relevant coupons directly with a Second Level Bank, the latter shall be treated both as a First Level Bank and a Second Level Bank.

The exemption from the *imposta sostitutiva* for Noteholders who are not resident in Italy is conditional upon:

(i) the timely deposit of the Notes and the coupons relating thereto, either directly or indirectly, with an institution which qualifies as a Second Level Bank; and

(ii) the submission to the First Level Bank or the Second Level Bank, as the case may be, of a statement (*autocertificazione*) of the relevant Noteholder, to be provided only once, in which it declares, inter alia, to be the beneficial owner of the Notes and that it is resident in a country included in the White List, or the New White List, once effective. Such statement must comply with the requirements set forth by the Italian Ministerial Decree dated 12 December 2001, is valid until withdrawn or revoked (unless some information provided therein has changed) and needs not to be submitted where a certificate, declaration or other similar document meant for equivalent uses was previously submitted to the same depository. Specific requirements are provided for "institutional investors" (see Circular No. 23/E of 1 March 2002 and No. 20/E of 27 March 2003). The above statement is not requested for non-Italian resident investors that are international bodies or entities set up in accordance with international agreements entered into force in Italy or central banks or entities also authorised to manage the official reserves of a State.

The First Level Bank is obliged to send the above statement to the Second Level Bank within 15 days from receipt.

The Second Level Bank files the data relating to the non-resident Noteholder together with the data relating to the First Level Bank and of the transactions carried out, via telematic link, to the Italian Tax Authorities within the first transmission period after receipt of such data. Transmission periods are two-week periods per month during which the Second Level Bank transmits to the Italian Tax Authorities data relating to Note transactions carried out during the preceding month. The Italian Tax Authorities monitor and control such data and any discrepancies thereof.

In case of failure to comply with the above exemption procedure, the *imposta sostitutiva* will apply on Interest payable to non-resident Noteholders without permanent establishment in Italy to which the Notes are effectively connected pursuant to the ordinary rules applicable for the payment of the *imposta sostitutiva* by Italian resident investors.

In the case of non-Italian resident Noteholders without permanent establishment in Italy to which the Notes are effectively connected, other than those eligible for the above mentioned exemption, the *imposta sostitutiva* may be reduced (generally to 10 per cent.) or reduced to zero under certain applicable double tax treaties entered into by Italy, if more favourable, subject to timely filing of required documentation.

Capital Gains

1. Italian resident individuals

Pursuant to Legislative Decree No. 461 of 21 November 1997, as amended (**Decree No. 461**), Italian capital gains tax (the **CGT**) is in certain cases applicable to capital gains realised on sale or transfer of the Notes for consideration or on redemption thereof. The rate of the CGT is 26 per cent.

For the purposes of determining the taxable capital gain, any Interest on the Notes accrued and unpaid up to the time of, respectively, the purchase and the sale of the Notes must be deducted both from the purchase price and the sale price.

The CGT is payable on capital gains realised by Italian resident individual Noteholders not engaged to entrepreneurial activities to which the Notes are effectively connected. Such Noteholders can opt for one of the three following regimes:

(i) pursuant to the tax return regime (*Regime della Dichiarazione*), the Noteholder will have to assess the overall capital gains realised in a given fiscal year, net of any relevant incurred capital losses, in his annual income tax return and pay the CGT due on capital gains so assessed together with the income tax due for the same fiscal year. Capital losses exceeding capital gains can be carried forward to offset capital gains of the same kind in the following fiscal years up to the fourth. However, as such regime constitutes the ordinary regime, the Noteholder must apply it whenever he does not opt for any of the two other regimes;

(ii) pursuant to the non-discretionary investment portfolio regime (*Risparmio Amministrato* regime), the Noteholder may elect to pay the CGT separately on capital gains realised on each sale, transfer or redemption of the Notes. Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with Italian banks, SIMs or other authorised intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being timely made in writing by the relevant Noteholder. The *Risparmio Amministrato* lasts for the entire fiscal year and unless revoked prior to the end of such fiscal year will also be deemed valid for the subsequent fiscal year. The intermediary is responsible for accounting for the CGT in respect of capital gains realised on each sale, transfer or redemption of the Notes. The intermediary is required to pay the relevant amount to the Italian Tax Authorities by the 16th day of the second month following the month in which the CGT is applied, by deducting a corresponding amount from the proceeds to be credited to the Noteholder. Where a particular sale, transfer or redemption of the Notes results in a net loss, the intermediary is entitled to deduct such loss from gains subsequently realised on assets held by the Noteholder with the same intermediary within the same relationship of deposit, in the same fiscal year or in the following fiscal years up to the fourth. The Noteholder is not required to declare the gains in its annual income tax return and remains anonymous; and

(iii) pursuant to the discretionary investment portfolio regime (*Risparmio Gestito* regime), if the Notes are part of a portfolio managed by an Italian asset management company, capital gains will not be subject to the CGT, but will contribute to determine the annual net accrued result of the portfolio. Said annual net accrued result of the portfolio, even if not realised, is subject to an ad-hoc 26 per cent. substitute tax to be applied on behalf of the Noteholder by the asset management company. Any net capital losses of the investment portfolio accrued at year-end may be carried forward and offset against future net profits accrued in each of the following fiscal years up to the fourth one. Under such regime the Noteholder is not required to declare the capital gains in its annual income tax return and remains anonymous.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity may be exempt from Italian capital gain taxes, including the *imposta sostitutiva*, on capital gains realised upon sale or redemption of the Notes, if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

2. *Corporate investors (including banks and insurance companies)*

Capital gains realised by Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) on sale, transfer or redemption of the Notes will form part of their aggregate income subject to IRES, at the rate specified above (see *Interest and other proceeds, § 2.*). In certain cases (depending on the status of the Noteholder), capital gains are also included in the taxable net value of production of Italian resident corporate entities (including a permanent establishment in Italy of a foreign entity to which the Notes are effectively connected) for IRAP purposes, at the rate specified above (see *Interest and other proceeds, § 2.*). The gains are calculated as the difference between the sale price and the relevant tax basis of the Notes. Upon fulfilment of certain conditions, the gains may be taxed in equal instalments over up to five fiscal years for IRES purposes.

3. *The Funds*

In case of Notes held by Funds, capital gains on the Notes are not taxable at the level of such Funds. The Collective Investment Fund Tax may apply upon: (i) distribution by the Funds; or (ii) redemption or disposal of the units or liquidation of the Fund.

4. *The Pension Funds*

In case of Notes held by Italian Pension Funds, capital gains on the Notes will contribute to determine the annual net accrued result of same Pension Funds, which is generally subject to a 20 per cent. substitute tax (see also "Interest and other proceeds" above). Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth under Italian law.

5. *The Real Estate Investment Funds*

Capital gains on Notes are not taxable at the level of Real Estate Investment Funds. A withholding tax may apply in certain circumstances at a rate up to 26 per cent. on distributions made by the Real Estate Investment Funds. (see also "Interest and other proceeds" above). Subject to certain conditions, depending on the status of the investor and percentage of participation, income of the Real Estate Fund is subject to taxation in the hands of the unitholder or the shareholder regardless of distribution.

6. *Non-Italian resident Noteholders*

The CGT may in certain circumstances be payable on any capital gains realised upon sale, transfer or redemption of the Notes by non-Italian resident individuals and corporations without a permanent establishment in Italy to which the Notes are effectively connected, if the Notes are held in Italy.

However, any capital gains realised by non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected through the sale for consideration or redemption of the Notes are exempt from taxation in Italy to the extent that the Notes are traded on a regulated market in Italy or abroad, subject to timely filing of required documentation (in the form of a self-declaration - *autocertificazione* - of non-residence in Italy) with Italian qualified intermediaries (or permanent establishments in Italy of foreign intermediaries) with which the Notes are deposited, even if the Notes are held in Italy and regardless of the provisions of any applicable double tax treaty.

Where the Notes are not listed on a regulated market in Italy or abroad:

(a) pursuant to the provisions of Decree No. 461, non-Italian resident beneficial owners of the Notes with no permanent establishment in Italy to which the Notes are effectively connected are exempt from taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes if they are resident, for tax purposes, in a country included in the White List - see "Interest and other proceeds" above. In order to obtain the exemption, the self-certificate form provided under Article 7 (2) Decree No. 239 can be used.

In this circumstance, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected are subject to the *Risparmio Amministrato* regime or opt for the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains will generally apply upon condition that they file in time with the authorised financial intermediary an appropriate self-declaration (*autocertificazione*) stating that they meet the requirement indicated above (see *Interest and other proceeds, § 3.*).

(b) in any event, non-Italian resident individuals or entities without a permanent establishment in Italy to which the Notes are effectively connected that may benefit from a double taxation treaty with Italy providing that capital gains realised upon sale or redemption of Notes are to be taxed only in the country of tax residence of the recipient, save for the relevant procedural requirements, will not be subject to taxation in Italy on any capital gains realised upon sale for consideration or redemption of the Notes.

In these circumstances, if non-Italian residents without a permanent establishment in Italy to which the Notes are effectively connected are subject to the *Risparmio Amministrato* regime or opt for the *Risparmio Gestito* regime, exemption from Italian taxation on capital gains will generally apply on condition that they file in time with the authorised financial intermediary appropriate documents which include, inter alia, a statement from the competent tax authorities of the country of residence of the non-Italian residents.

Inheritance and gift taxes

Subject to certain conditions, transfer of Notes, *mortis causa* or by reason of donation, are subject to inheritance and gift taxes, provided that the issuer is resident in Italy.

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

(i) transfers to spouse and to direct relatives: 4 per cent. of the value of the notes exceeding Euro 1 million for each beneficiary;

(ii) transfers to brothers and sisters: 6 per cent. of the value of the notes exceeding Euro 100,000 for each beneficiary;

(iii) transfers to relatives (*parenti*) within the fourth degree, to direct relatives in law (*affini in linea retta*), indirect relatives in law (*affini in linea collaterale*) within the third degree other than the relatives indicated above: 6 per cent. of the value of the notes;

(iv) other transfers: 8 per cent. of the value of the notes.

If the heir/beneficiary is affected by an handicap deemed as "critical" pursuant to Law No. 104 of 5 February 1992, inheritance and gift taxes apply only on the value of assets (net of liabilities) exceeding Euro 1,500,000.

An anti-avoidance rule is provided by Law No. 383 of 18 October 2001, stipulating that, in case of gift of certain assets (among which the Notes) that are sold for consideration within five years from the receipt of the gift, the *imposta sostitutiva* provided for by Decree No. 461 would apply as if the gift has never taken place

(i.e. the tax value to be taken into account to determine the taxable basis of the *imposta sostitutiva* is the tax value that the Notes had in the hands of the donor).

The *mortis causa* transfers of financial instruments included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*), that meets the requirements set forth under Italian law, are exempt from inheritance taxes.

Transfer tax and stamp duty (*bollo*) and Wealth Tax (IVAFE)

Contracts relating to the transfer of securities are subject to the registration tax as follows: (i) public deeds and notarised deeds (*atti pubblici e scritture private autenticate*) executed in Italy should be subject to fixed registration tax at rate of Euro 200; (ii) private deeds (*scritture private non autenticate*) should be subject to registration tax at rate of Euro 200 only in case of use or voluntary registration.

Furthermore, the scope of stamp duty (*bollo*) has recently been extended also to certain financial investments held through an Italian financial intermediary; such a proportional stamp duty applies at the yearly-based to any periodic reporting communications which may be sent by a financial intermediary to a Noteholder in respect of any Note which may be deposited with such financial intermediary. This stamp duty applies at a rate of 0.2 per cent. and cannot exceed Euro 14,000 per year for taxpayers other than individuals. Some uncertainties exist in relation to mentioned stamp duty; however, based on the wording of the law and the implementing decree issued by the Italian Ministry of Economy on 24 May 2012, it may be understood that the stamp duty applies both to Italian resident Noteholders and to non-Italian resident Noteholders, to the extent that the Notes are held with an Italian-based financial intermediary.

If the Notes are held abroad by Italian resident individuals and, starting from fiscal year 2020, non-commercial entities, non-commercial partnerships and similar institutions (not deposited in Italy and not managed by certain Italian intermediaries), another "stamp duty" (***IVAFE***), applies at the yearly-based rate of 0.2 per cent. Taxpayers are entitled to 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). For taxpayers other than individuals IVAFE cannot exceed Euro 14,000 per year.

Tax Monitoring Obligations

Pursuant to Law Decree No. 167 of 28 June 1990, as subsequently amendedand sypplemented, individuals, non-commercial entities and certain partnerships (in particular, *società semplici* or similar partnerships in accordance with Article 5 of Decree No. 917) resident in Italy for tax purposes, that during the year hold investments abroad or have financial foreign assets by means of which income of foreign source can be accrued must, in some circumstances, disclose the aforesaid and related investments and foreign assets to the Italian tax authorities in their income tax return (or, in case the income tax return is not due, in a proper form that must be filed within the same time as prescribed for the income tax return). The requirement applies also where the persons above, being not the direct holders of the financial assets, are the actual economic owners thereof for the purposes of anti-money laundering legislation (which is applied for tax monitoring oblgations purposes with certain adjustments).The disclosure requirements are not due if the foreign financial investments (including the Notes) (i) are held through an Italian resident intermediary upon condition that the items of income derived from the Notes are subject to tax by the same intermediary or (ii) are only composed by deposits and/or bank accounts having an aggregate value not exceeding an Euro 15,000 threshold throughout the year.

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 does not expect to be a foreign financial institution for these purposes. 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. The IGA between Italy and the United States has been ratified in Italy by Law no. 95 of 18 June 2015, entered into force on 8 July 2015, which has been implemented by specific regulations issued by the Italian Ministry of Economy and Finance.

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 Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change.

Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, 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 Notes 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, in either case unless materially modified after such date. However, if additional Notes that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes 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 Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

Common Reporting Standard

Law No. 95 of 18 June 2015 (**Law 95/2015**) introduced in Italy the provisions concerning the formalities that Italian financial institutions must fulfill for the implementation of the automatic exchange of information according to Council Directive 2014/107/EU of 9 December 2014 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation and the OECD standard (the so-called Common Reporting Standard, **CRS**).

Under Law 95/2015 and Ministerial Decree of 28 December 2015 issued by Ministry of Economy and Finance (published in the Official Gazette No. 303 of 31 December 2015 as subsequently amended and supplemented , **DM CRS**), Italian financial institutions (including Poste Italiane S.p.A. - patrimonio separato BancoPosta) and the branch of financial institutions resident in a reportable country are required to report annually to the Italian Tax Administration certain information as set out in Article 3 of the DM CRS, including the country of residence and the tax identification number (TIN) of the account holder, for each reportable account and the total gross amount of
interest paid or credited to the account during the calendar year or other appropriate reporting period.

The Italian Tax Administration is required to report such information to the foreign Tax Authorities of the State where the account holder is resident for tax purposes.

SUBSCRIPTION AND SALE

The Dealers have, in a Programme Agreement dated 6 November 2020 (as modified and/or supplemented and/or restated from time to time, the **Programme Agreement**), agreed with the Issuer a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with this and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith. In the Programme Agreement the Dealers may agree to subscribe for Notes at their Issue Price less a commission. The Programme Agreement may provide that the obligations of the Dealers to subscribe for Notes are subject to certain conditions precedent.

SELLING RESTRICTIONS

United States

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

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended (the **Code**) and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether United States Treasury Regulation § 1.163-5(c)(2)(i)(C) (or any successor provision in substantially similar form that are applicable for purposes of Section 4701 of the Code) (the **TEFRA C Rules**) or United States Treasury Regulation § 1.163-5(c)(2)(i)(D) (or any successor provision in substantially similar form that are applicable for purposes of Section 4701 of the Code) (the **TEFRA D Rules**) apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes 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.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent)

for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

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

France

Each of the Dealers and the Issuer has represented and agreed that it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, this Base Prospectus, the relevant Final Terms or any other offering material relating to the Notes, and that such offers, sales and distributions have been and will be made in France only to (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Republic of Italy

Each of the Dealers has represented and agreed that the offering of the Notes has not been registered pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Base Prospectus or of any other document relating to the Notes 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 Legislative Decree No. 58 of 24 February 1998, as amended (the **Financial Services Act**) and Italian Commissione Nazionale per le Società e la Borsa (**CONSOB**) 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.

Any offer, sale or delivery of the Notes or distribution of copies of the Base Prospectus or any other document relating to the Notes in the Republic of Italy under paragraph (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 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 (the **Banking Act**); and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including, to the extent applicable to such Dealer, the reporting requirements 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.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Base Prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, 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 Notes or cause the Notes 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 Base Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor under section 274 of the Securities and Futures Act Chapter 289 of Singapore (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 Notes 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 Notes 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, and further for corporations, in accordance with the conditions specified in Section 275 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 of Singapore.

Switzerland

The Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act (**FinSA**) and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Base Prospectus nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Base Prospectus nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

Prohibition of Sales to EEA and UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or 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 (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.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a **Relevant State**), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the final terms in relation thereto to the public in that Relevant State except that it may make an offer of such Notes to the public in that Relevant State:

(a) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(b) at any time to fewer than 150, natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an **offer of Notes to the public** in relation to any Notes in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree 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 Notes or possesses or distributes this Base Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes 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 neither the Issuer nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer and the Dealers represents that Notes 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 update of the Programme was authorised by a resolution of the Board of Directors of the Issuer dated 1 July 2014. The Issuer will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Listing, Approval and Admission to Trading of Notes

Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme 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).

Documents Available

For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from on the Issuer's website (*www.posteitaliane.it*):

(a) the by-laws (with an English translation thereof) of the Issuer;

(b) the Agency Agreement, the Deed of Covenant and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(c) a copy of this Base Prospectus; and

(d) any future Base Prospectus, prospectuses, information memoranda, supplements and Final Terms (save that Final Terms relating to Notes which are neither admitted to trading on a regulated market in the European Economic Area or the United Kingdom nor offered in the European Economic Area or the United Kingdom in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

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

Conditions for Determining Price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial performance or position of the Group since 30 June 2020 and no material adverse change in the financial position or prospects of the Issuer since 31 December 2019.

Litigation

Save as disclosed under paragraph "*Litigation*" in the Description of the Issuer, neither the Issuer nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Group.

Auditors

The consolidated financial statements of the Issuer for the years ended 31 December 2019 and 2018, 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 reports 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 unaudited interim report of the Issuer as at and for the six months ended 30 June 2020 was subject to the limited review of 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.

Dealers transacting with the Issuer

Certain of the Dealers 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 Dealers 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 Dealers 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 Dealers 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 Notes issued under the Programme. Any such short positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers 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

-during the course of 2020, the Issuer and UniCredit S.p.A. (parent company of UniCredit Bank AG) started on an operative basis the partnerships in the consumer credit market.

Issue Price and Yield

Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the relevant Dealer(s) at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Final Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

The yield of each Tranche of Notes set out in the applicable Final Terms will be calculated as of the relevant issue date on an annual or semi-annual basis using the relevant issue price. It is not an indication of future yield.

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