



Cassa depositi e prestiti S.p.A.

Social Bond Presentation

European Roadshow, 12-15 March 2019

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As of 30 June 2018, the manager responsible for preparing the company’s financial reports, Fabrizio Palermo, declares, pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, that the accounting information contained in this Presentation corresponds to the document results, books and accounting records.

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The Italian National Promotional Institution (“NPI”)



Investment Guidelines

Principles

- Impact on the Italian economy
- Economic and financial **sustainability**



Constraints

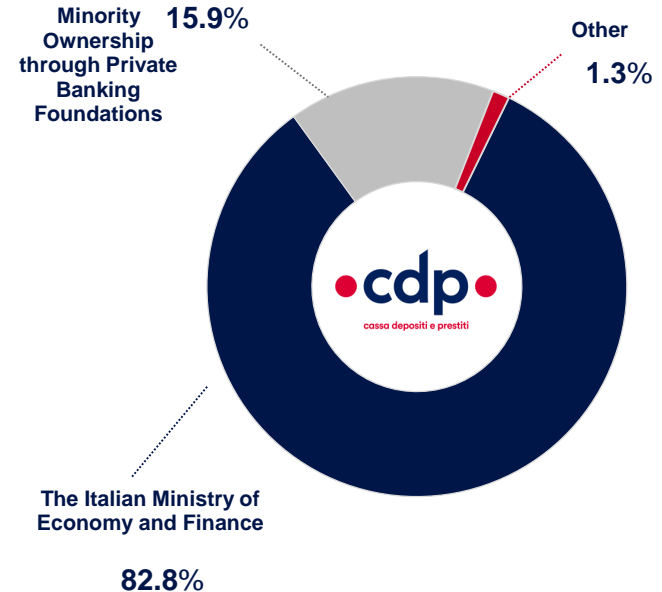
- **CDP By-laws** (Rome)
- **State-aid rules** (Brussels)
- **Financial regulation** (Frankfurt)

CDP is the Italian NPI, promoting country's growth, contributing to sustainable economic development and investing in competitiveness

Ownership and Classifications

- **CDP** is a **joint-stock** company controlled by the **Italian Ministry of Economy and Finance**, with a key role of **private shareholders** (i.e. 61 Banking Foundations), having **Board representation** and **reinforced governance rights**
- It is also classified as:
 - **Market Unit** for **Eurostat** purposes
 - **Credit Institution** by **ECB**
 - Eligible for **ECB Collateral Framework**
 - Eligible for **ECB Public Sector Purchase Programme**

Shareholders Structure



CDP became a joint stock company in 2003

Business Model

Funding & Equity

Postal Savings



Market Funding



Equity



Tools



Areas of Activity

CDP Enterprises



CDP Public Sector, Infrastructures and Local Development




























CDP Cooperation



Strategic Equity Investments



Strategic Equity Investments: Current Portfolio

Sectors \ Vehicles	CDP	CDP Reti	CDP Equity	FSI Investimenti	Fintecna
 Engineering			 	 	
 Networks and telecommunications		  			
 Energy					
 Agro and Food					
 Tourism					
 Financial and postal services					
 Pharma					

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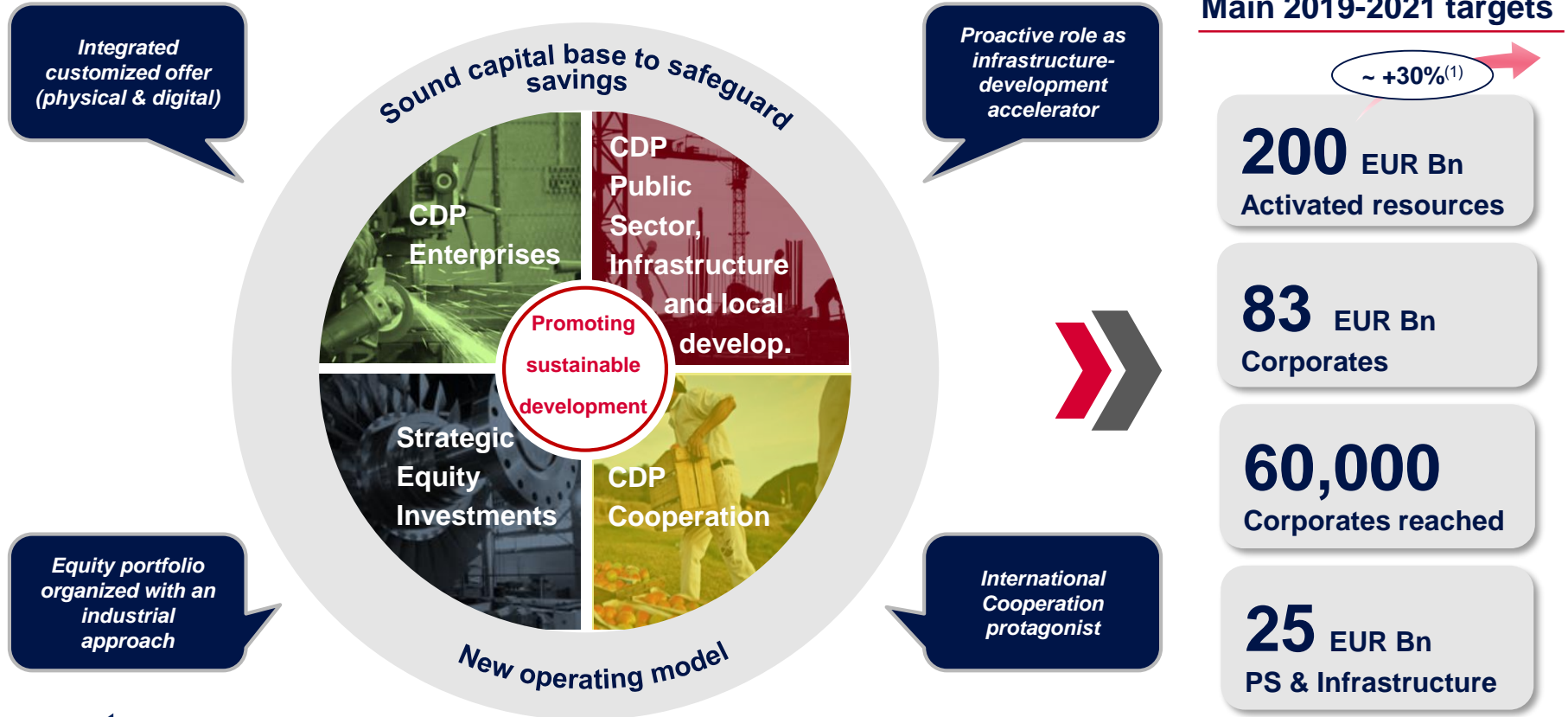
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#CDP2021: from Italy to Italy



#CDP2021: Business Plan's challenges

Global social and economical trends

- Innovation and digitalization
- Energy transition and climate change
- Developing countries and international trade
- Social change



Italian challenges

- ✓ Closing the **economic development gap**
- ✓ **Business** innovation, productivity and competitiveness
- ✓ Increase investments/ quality of **Infrastructure**



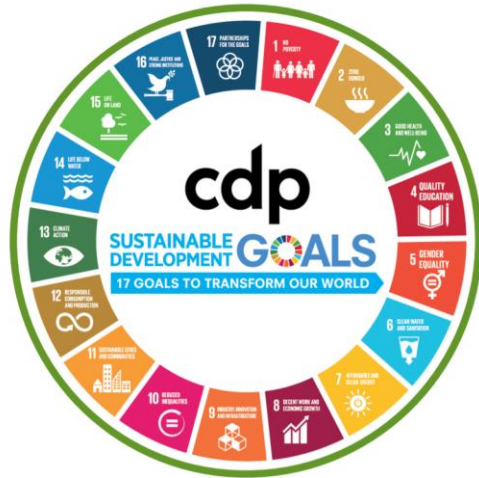
Sustainable Development Goals

17 goals of the UN 2030 Agenda for Sustainable Development



Introduction of a new proactive approach to deal with the current economic and industrial challenges in Italy and globally to achieve adequate sustainable growth and development

#CDP2021: the driver to Sustainable Development



«Contribute to the economic, social and environmental development of the Country, facilitating investments with a positive measurable impact on territory and community»



Main Drivers

- **Define Plan's targets** in accordance with 2030 UN Agenda
- **Continue to integrate sustainable development principles** in the **Group's operating activities, organizational model and governance**
- **Measure and report environmental and social impact** of each initiative

The 2019-21 Business Plan for the first time aims at explicitly integrating sustainability into strategic choices

Green, Social and Sustainability Bond Framework



CDP contributes, directly and indirectly, to the implementation of all **UN SDGs**



CDP Green, Social and Sustainability Bond Framework (“**CDP Framework**”) is in line with the **Green Bond Principles 2018**, the **Social Bond Principles 2018** and the **Sustainability Bond Guidelines 2018** issued by the **International Capital Market Association (ICMA)**

CDP Framework has four core components:

- 1 Use of proceeds
- 2 Process for project evaluation & selection
- 3 Management of proceeds
- 4 Reporting

Following the successful issuance of its inaugural Social Bond in 2017 and its Sustainability Bond in 2018, CDP aims to be a frequent issuer in the ESG bond market

CDP Framework: Project Evaluation and Selection

- Net proceeds from the issuance of the new Green, Social and Sustainability Bonds, will be used to finance or re-finance, in whole or in part, new or existing loans/projects in the Eligible Categories that meet the Eligibility Criteria: Infrastructure and Development of Cities, Education, SMEs Financing and Energy & Environmental Sustainability
- A dedicated Sustainable Working Group, composed of CDP's experts⁽¹⁾, is responsible for project evaluation and selection



The Business Department selects a preliminary list of eligible loans/projects

The process relies on explicit eligibility (selection and exclusion) criteria



The preliminary list of eligible loans/projects are then verified and approved by the Sustainable Working Group

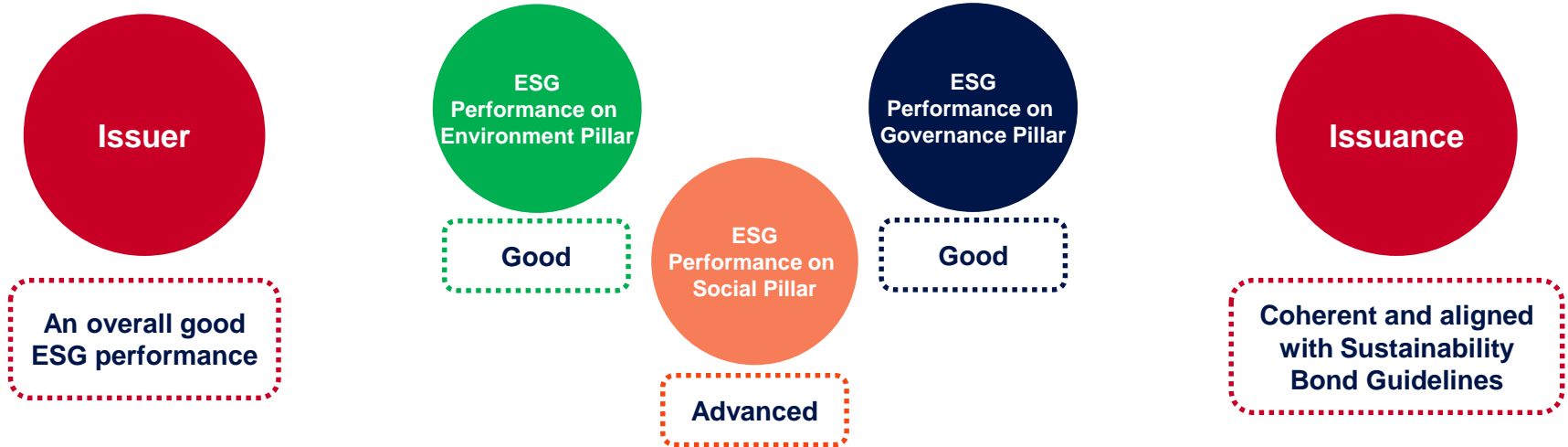
If approved, the preliminary eligible loans/projects are then classified as “Eligible Loans/Projects”



CDP will produce a report⁽²⁾ on its Green, Social and Sustainability Bonds providing an overview of eligible loans financed through the raised proceeds and their social and environmental impacts

Second Party Opinion

- CDP has appointed **Vigeo Eiris** as **Second Party Opinion (SPO)** provider to verify the sustainability credentials of **CDP Framework** and assess its alignment with the **ICMA 2018 Guidelines**
- On the **first anniversary** of the Green, Social and Sustainability Bond issuance, the **SPO provider** shall review the **compliance** of eligible loans/projects with the **eligibility criteria** as well as the **allocation process**

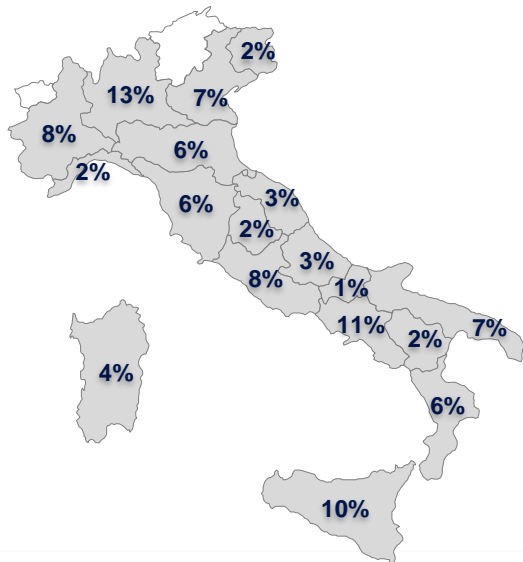


Vigeo Eiris confirmed the CDP Bond Framework is aligned with the Sustainability Bond Guidelines, expressing an overall reasonable level of assurance on CDP's commitments and the Bond's contribution to sustainability

Social Infrastructure: School Buildings Critical Aspects (1/2)



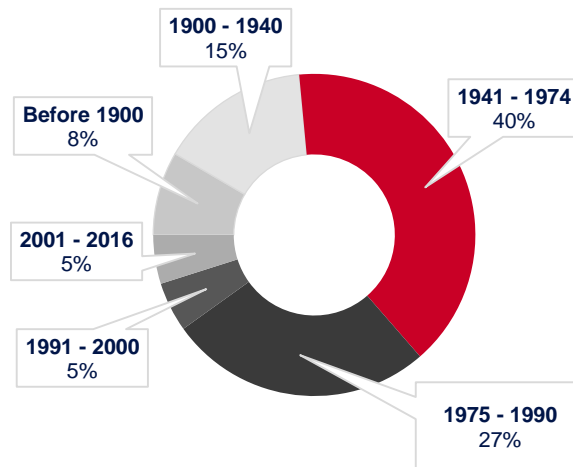
Schools Distribution by Region (2016, %)



- 51,198 buildings surveyed⁽¹⁾ on the national territory



Schools Distribution by Construction Year (%)



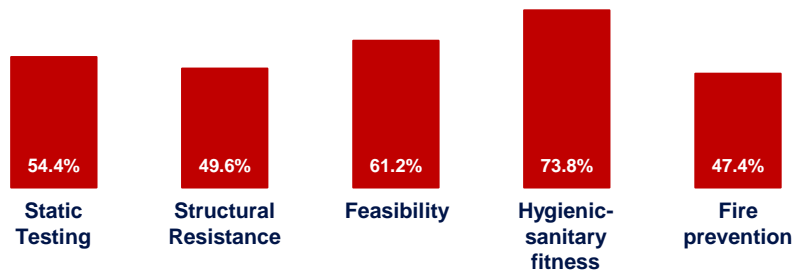
- **Public real estate assets** dedicated to schools **are obsolete**: more than 60% of the facilities were built before 1975⁽²⁾

The estimated social infrastructure investments required in Italy amount to ~12 Eur Bn⁽³⁾

Social Infrastructure: School Buildings Critical Aspects (2/2)



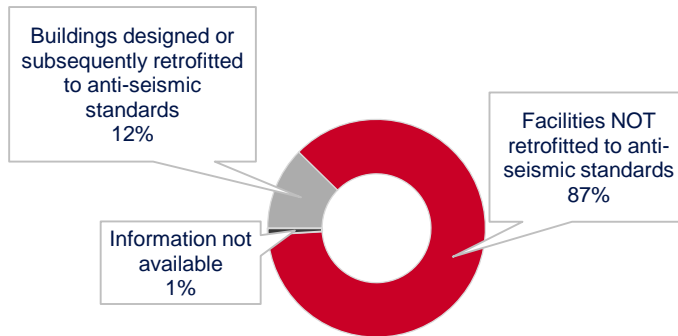
Certified Schools (2016. %)



- A very low percentage of schools, to date, result fitted and certified to match international standards



Anti-Seismicity



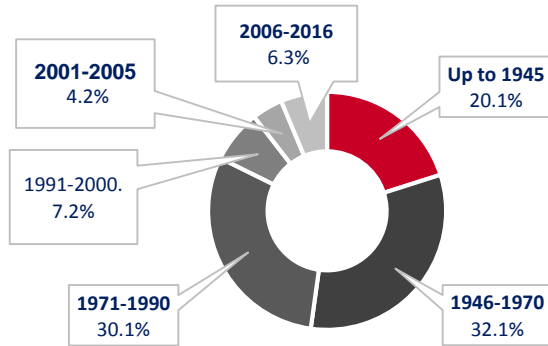
- 29.4% of the school buildings on the national territory are located in Seismic Zones 1 and 2 (~ 15.055 buildings), which are the most dangerous areas out of 4 in the seismic classification⁽¹⁾
- Approximately 43% of the buildings located in the seismic areas were built before 1975

Since 2008 Italy reduced its public investments from 47 Eur Bn to 34 Eur Bn in 2017
Public investments from local municipalities is down 84% since 2012

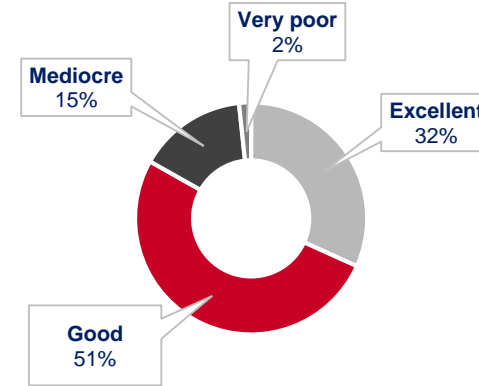
Social Infrastructure: Urban Agglomerates Critical Aspects



Buildings Distribution by Construction Year (%)



Buildings Distribution by Property Condition (%)



- According to ISTAT⁽¹⁾, the Italian building stock under mediocre or very poor conditions constitutes a significant share of the existing one (from 40% in Naples and Reggio Calabria to between 10% and 20% in cities such as Rome, Florence, Venice, Genoa, Bari and Cagliari)

Statistics show the need of urban regeneration

~ 24 Mn people live in areas with seismic risk, while another 6 Mn live in areas with a hydrogeological risk

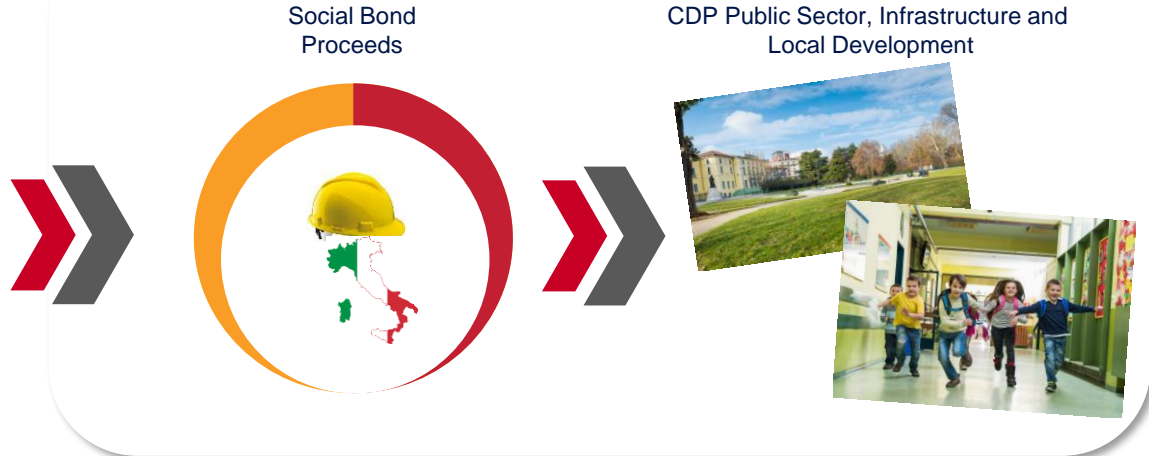
CDP Social Bond 2019

- The significant **gap in the social infrastructure sector** will be the main driver for **CDP's issuance** of its new **Social Bond**
- The **proceeds** will be used for the **construction, upgrade, safety and seismic retrofitting** of the **public school facilities** and for the requalification of the **country's urban infrastructure**, providing universal access to **safe public spaces**

Relevant UN SDGs



Use of Proceeds & Loans Financing Structure



CDP's new Social Bond will be inspired by the UN SDGs 4 & 11: "Quality Education" and "Sustainable Cities and Communities"

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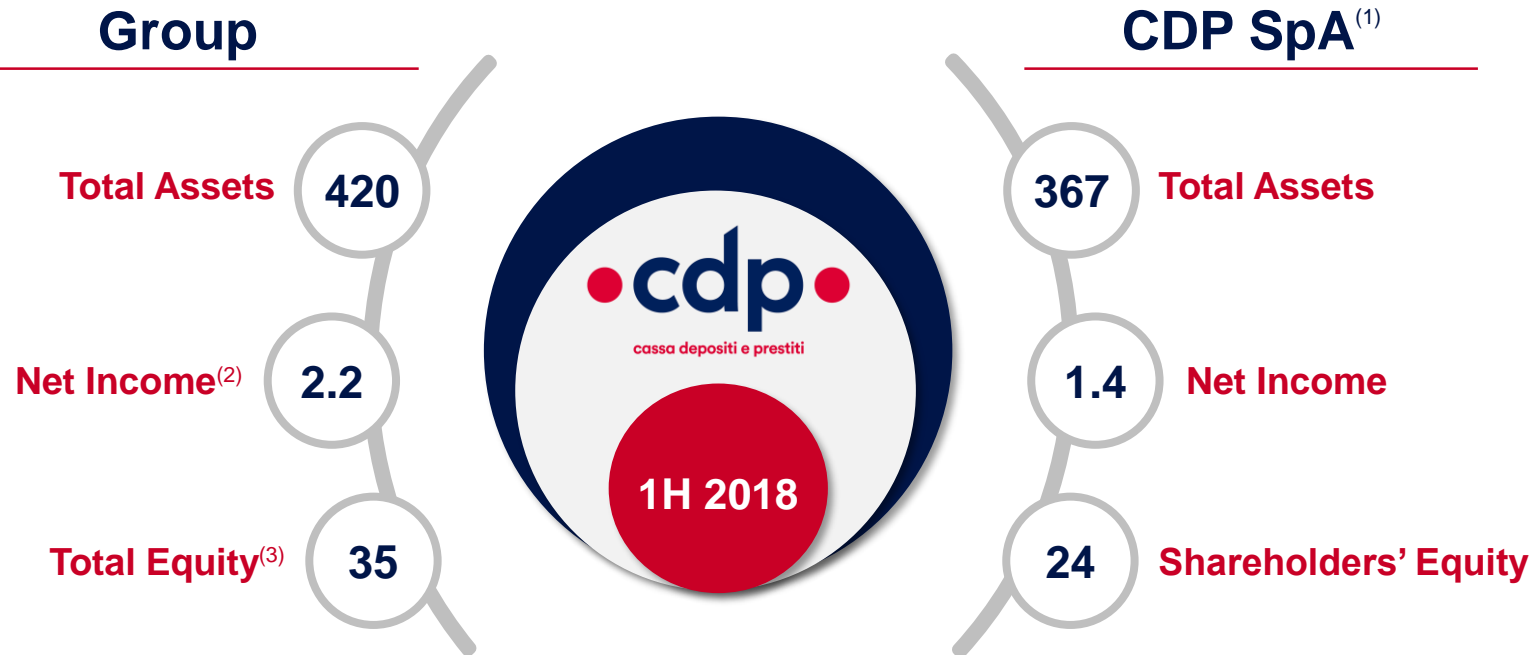
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Key Figures

EUR Bn



- Strong performance, in line with Business Plan's ambitions
- Results consolidate CDP's role as promoter of the Italian economy

CDP SpA Key Balance Sheet Figures: Total Assets

EUR Bn

Cash & Cash Equivalents

Decreased liquidity as a result of lower short-term investments



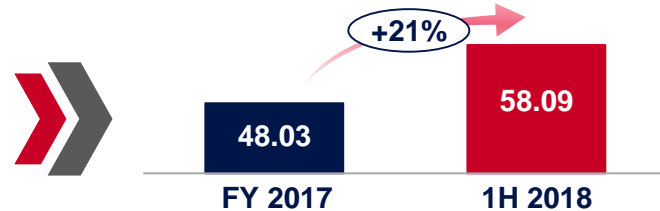
Loans

Substantially in line with FY 2017



Securities Portfolio

Growth mainly driven by higher investments in securities included in the HTC portfolio



Equity Portfolio

Slight increase with respect to FY 2017



CDP SpA Key Balance Sheet Figures: Total Liabilities

EUR Bn

Postal Funding

Substantially in line with FY 2017



Bond Funding

Increase driven by further diversification of funding sources, also due to new public issuances



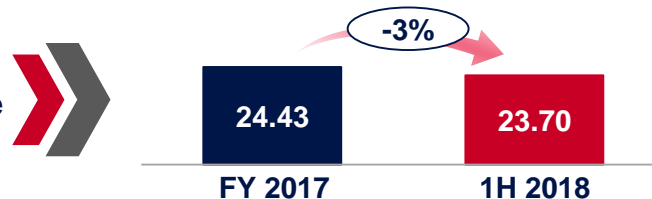
Other Funding⁽¹⁾

Slight decrease, mainly driven by lower short-term funding



Equity

Sound capital base, slightly decreasing⁽²⁾ as a consequence of dividend distribution⁽³⁾



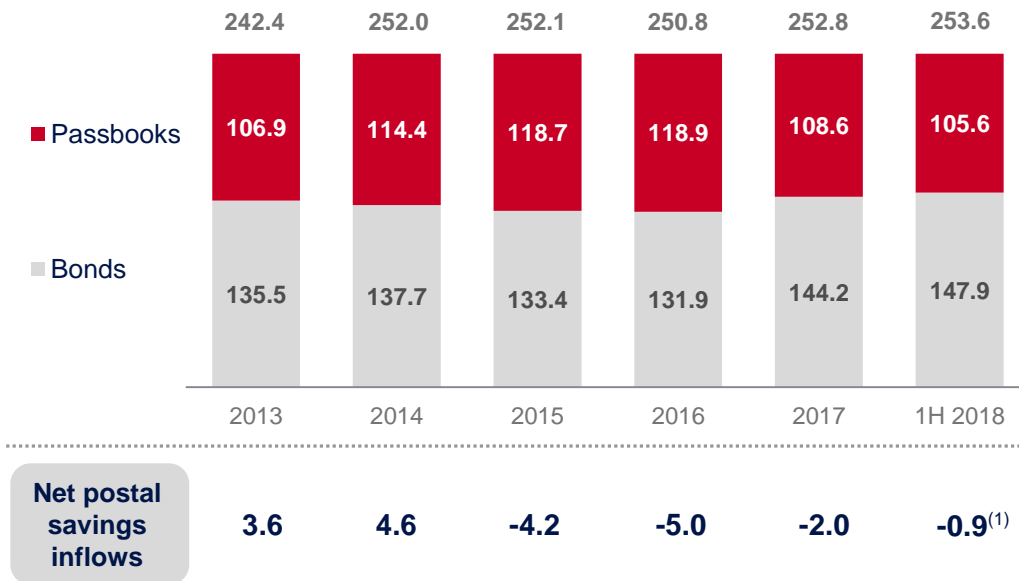
Focus on Postal Funding

EUR Bn

Highlights

- **Explicit guarantee** by the **Republic of Italy**
- **Postal savings' products** distributed to **retail clients** by **Poste Italiane** network (~ 12,820 offices across Italy)
- **Postal savings**, including postal bonds pertaining to Ministry of Finance, represent ~ **7.5% of Italian households' total financial assets** (>26 mn investors owning postal savings products)
- **Stable source of funding**, with a stock of ~ **250 EUR Bn** over the last years (despite lower returns offered to investors)

Stock of Postal Savings



Focus on Long-Term Market Funding

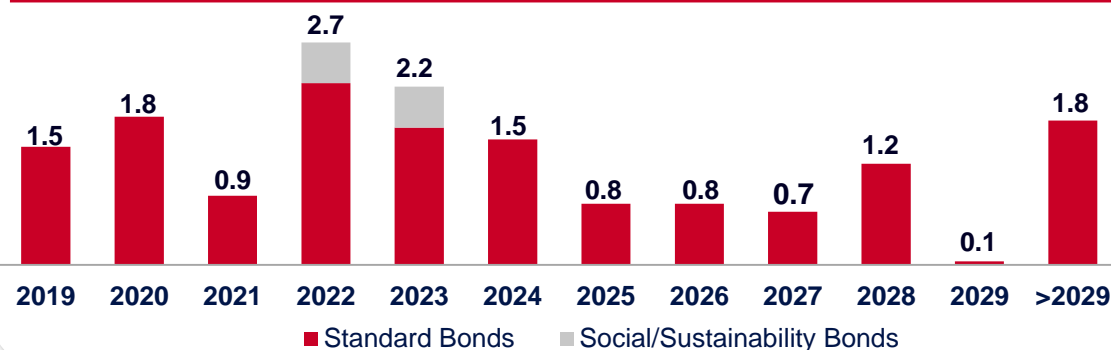
- Outstanding bonds⁽¹⁾ amount to ~ **17 EUR Bn**, with more than **40** single transactions, including **500 EUR Mn Inaugural Social bond** issued in 2017 for financing **Italian SMEs** located in economically **deprived areas** or **hit by earthquake**.
- In September 2018 CDP issued the first Italian **500 EUR Mn Sustainability bond**, whose proceeds have been dedicated to finance **upgrading projects** related to the **national water supply network**.

Highlights

- **Senior Unsecured** notes listed on the Luxembourg Stock Exchange⁽²⁾
- **Pari passu** ranking with **postal savings**
- Access to **non-euro** markets (USD, JPY)
- Eligible for **ECB collateral framework** and **ECB Public Sector Purchase Programme (PSPP)**

Bond Maturity

EUR Bn



Credit Rating from Main Rating Agencies

S&P Global
Ratings

BBB/A-2
Negative

- Integral link with the Italian government
- Critical role for the Italian government

MOODY'S

Baa3/P-3
Stable

- High support from the Italian government
- Negligible stock of problem loans
- Stable funding profile

FitchRatings

BBB/F2
Negative

- Proximity to the State
- Strengthening Capitalization and profitability

SCOPE

BBB+/S-2
Stable

- High likelihood of Italian governmental support
- Strong financial fundamentals
- High-quality equity stakes

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CDP Framework: Eligible Categories

Infrastructures and Development of Cities (1/2)

Net proceeds from the issuance of the new bonds will be used to **finance** or **re-finance**, in whole or in part, **new** or **existing loans/projects** aimed to **promote** the **growth** and **development** of the **Country**



- **Eligibility criteria:** Activities that improve the capacity of all countries for provisions of **free** and **subsidized healthcare services** with particular focus to the **underserved areas** or **vulnerable populations**
- **Examples of eligible loans/projects:** Financing the construction, development, maintenance or renovation of **healthcare facilities, medical equipment** and **technologies** for the improvement and protection of **public health**



- **Eligibility criteria:** (i) Improving access to **water** and **sanitation services**; (ii) Improve existing **sanitation facilities** and **sewers**; (iii) Increase **water-use efficiency**; (iv) Improving **wastewater treatment** performance and better access to **drinking water**
- **Examples of eligible loans/projects:** (i) Financing **infrastructures** related to **water** treatment facilities; (ii) Financing water network construction, maintenance and upgrade; (iii) Financing wastewater treatment plants



- **Eligibility criteria:** (i) Develop quality and sustainable for all that contributes to the improvement of **living conditions** in **urban agglomerations** and **underserved areas**; (ii) Construction, rehabilitation, maintenance of **public buildings** and **public infrastructure**
- **Examples of eligible loans/projects:** (i) Financing the construction, refurbishment or maintenance of **energy efficient buildings**, including public service, recreational facilities, commercial and residential buildings in line with existing environmental standards; (ii) Financing of **rail transportation projects** for public use, etc. ; (iii) Financing the renovation, upgrade, safety, seismic retrofitting and energy efficiency of **existing public buildings** and **public infrastructure**

CDP Framework: Eligible Categories

Infrastructures and Development of Cities (2/2)



- **Eligibility criteria:** Activities aimed at supporting **people** and **disadvantaged groups** to improve their socio-economic position
- **Examples of eligible loans/projects:** Financing healthcare facilities, construction of **school** and **infrastructure** for providing access to **affordable public services** to low socio-economic groups



- **Eligibility criteria:** (i) Activities that expand or maintain access to **sustainable transport systems**; (ii) Activities that Improve **waste management**; (iii) Activities that improve and/or maintain access to **green** and **public spaces**
- **Examples of eligible loans/projects:** (i) Financing the construction, equipping, or maintenance of **clean transportation facilities**, such as any new rail facilities for public use, cycleways, pedestrian thorough fares and other transportation infrastructure that encourages reduce harmful emissions; (ii) **Recycling** or **composting** to divert waste from landfill; etc.



- **Eligibility criteria:** (i) Adaptation projects that demonstrably contribute to reducing vulnerability to **climate change** identified in the project area; (ii) Reduction of GHG **emission**, due to low-carbon energy use and/or energy recovery; (iii) Projects aiming at reducing the impacts of climate change; (iv) Projects aiming at developing local **renewable energy** production and/or energy recovery
- **Examples of eligible loans/projects:** (i) **Natural disaster prevention infrastructure**; (ii) Construction/refurbishment of **energy efficient**, thermal insulation for **buildings** in line with existing environmental standards

CDP Framework: Eligible Categories

Education

Net proceeds from the issuance of the new bonds will be used to **finance** or **re-finance**, in whole or in part, **new** or **existing** **loans/projects** aimed to **encourage** access to **education** and **culture**



- **Eligibility criteria:** (i) Activities that improve **educational infrastructure**; (ii) Construction, rehabilitation, maintenance of **public education schools** and **public universities**; (iii) Activities that foster a successful integration of **disadvantaged groups** in the **education system**
- **Examples of eligible loans/projects:** (i) Construction of **new schools, campus, student housing**, including school sports facilities; (ii) Financing the **renovation**, upgrade, safety, seismic retrofitting and energy efficiency of **existing public schools and public universities buildings**

SMEs Financing

Net proceeds from the issuance of the new bonds will be used to **finance** or **re-finance**, in whole or in part, **new** or **existing** **loans/projects** which are **not** dedicated to any **other** type of specific **funding** and have a **positive social impact**



- **Eligibility criteria:** (i) Support Italian **employment**; (ii) Improve the Italian **economic growth** through the support of areas and populations affected by natural disasters or economically underperforming Italian areas; (iii) Support the **SMEs** in order to promote their growth and **international expansion**
- **Examples of eligible loans/projects:** (i) Financing to SMEs, including **start-ups**; (ii) Support the access to banking and financial services in **underserved populations**

CDP Framework: Eligible Categories

Energy and Environmental Sustainability

Net proceeds from the issuance of the new bonds will be used to **finance** or **re-finance**, in whole or in part, **new** or **existing loans/projects** dedicate to **promote energy** and **environmental sustainability**

7 AFFORDABLE AND
CLEAN ENERGY



- **Eligibility criteria:** (i) Generation of **energy** from **renewable sources**; (ii) Construction / maintenance / expansion of associated **distribution networks**; (iii) Energy efficiency projects, including **energy efficient technologies**, in line with existing environmental standards
- **Examples of eligible loans/projects:** (i) **Renewable energy projects** including wind, solar, hydro power, biomass, geothermal and their associated components; (ii) Energy efficiency projects such as in new and refurbished buildings, energy storage, smart grid solutions, appliances and products, such as LED street lighting; (iii) Public lighting

Indicative Reporting Criteria

Eligible Categories

Reporting Criteria

Infrastructures & Development of Cities

- Number of hospitals and other healthcare facilities built/upgraded
- Number of patients and/or population of regions served by new/upgraded healthcare facilities
- Number of water infrastructure Projects built/upgrade
- Percentage/size of populations provided access to clean water and/or sanitation
- Number of tons of clean water provided
- Length of new/upgraded energy, water grids (km)
- KW of clean energy provided
- Energy savings (estimate)
- Estimate of GHG emissions reduction (in t of CO2eq.)
- Number of household/residents benefitting from affordable and clean energy which is otherwise not accessible
- Number of solar farms or wind farms
- Location and type of solar or wind farms
- Number of electric/hybrid/ low-emission vehicles provided
- Number of residents benefitting from basic infrastructure new/upgraded which is otherwise not accessible (i.e. rail transportation, development road)
- Type of basic infrastructure funded and number of projects per each type of affordable basic infrastructure
- Location of basic infrastructure project
- Type of essential service funded and number of projects per each type of essential service funded
- Location of service project
- number of enterprises that invest in research and development
- Number of beneficiaries
- Length of rail tracks, cycle ways, pedestrian thoroughfares (km)
- Number of affordable housing dwellings provided
- Number of residents reached by new/upgraded grids
- Number of refurbished buildings and surface (square meters)
- Number of passengers accommodated (estimate)

Education

- Number of schools built/upgraded and surface (square meters)
- Number and type of initiatives supporting public university education
- Number of students served

SMEs Financing

- Number of SMEs financed
- Number of employees of the financed SMEs (estimate)

Energy & Environmental Sustainability

- Number and type of initiatives financed in the renewable energy field
- Number and type of initiatives financed in the waste management field
- Number and type of initiatives financed for the reduction of Renewable energy production (estimate)
- Energy savings (estimate)
- Estimate of GHG emissions reduction (in t of CO2eq.)
- KW of clean energy provided

Contacts

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