



# Cassa Depositi e Prestiti

*Social Housing Bond Investor Presentation*

*3 February, 2020*

Cassa Depositi e Prestiti  
Investing in tomorrow

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- ✓ The manager responsible for preparing the company’s financial reports, Paolo Calcagnini, 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.
- ✓ The Base Prospectus relating to the Company’s Eur 10,000,000,000 Debt Issuance Programme was published on 10 May 2019 and is available for viewing at [www.cdp.it](http://www.cdp.it), together with any supplements thereto.

# Agenda

**CDP at a glance**

**#CDP2021: Promoting Sustainable Development**

**Social Housing in Italy**

**Key Financials, Funding Structure and Credit Rating**

# The Italian Promotional Bank and Sovereign Fund



**CDP's Mission** is to foster the development of the Country, using national savings responsibly in order to support growth and boost employment, leveraging on innovation, business competitiveness, infrastructure and local development

Total assets<sup>1</sup>

**438** EUR Bn

Loans<sup>2</sup>

**100** EUR Bn

Postal funding<sup>2</sup>

**260** EUR Bn

Net Income<sup>3</sup>  
1H 2019

**2.2**

EUR Bn

Equity<sup>1</sup>

**36** EUR Bn

Equity portfolio<sup>2</sup>

**34** EUR Bn

Non-Postal funding<sup>2</sup>

**93** EUR Bn

State and private shareholders<sup>4</sup>



**83%**

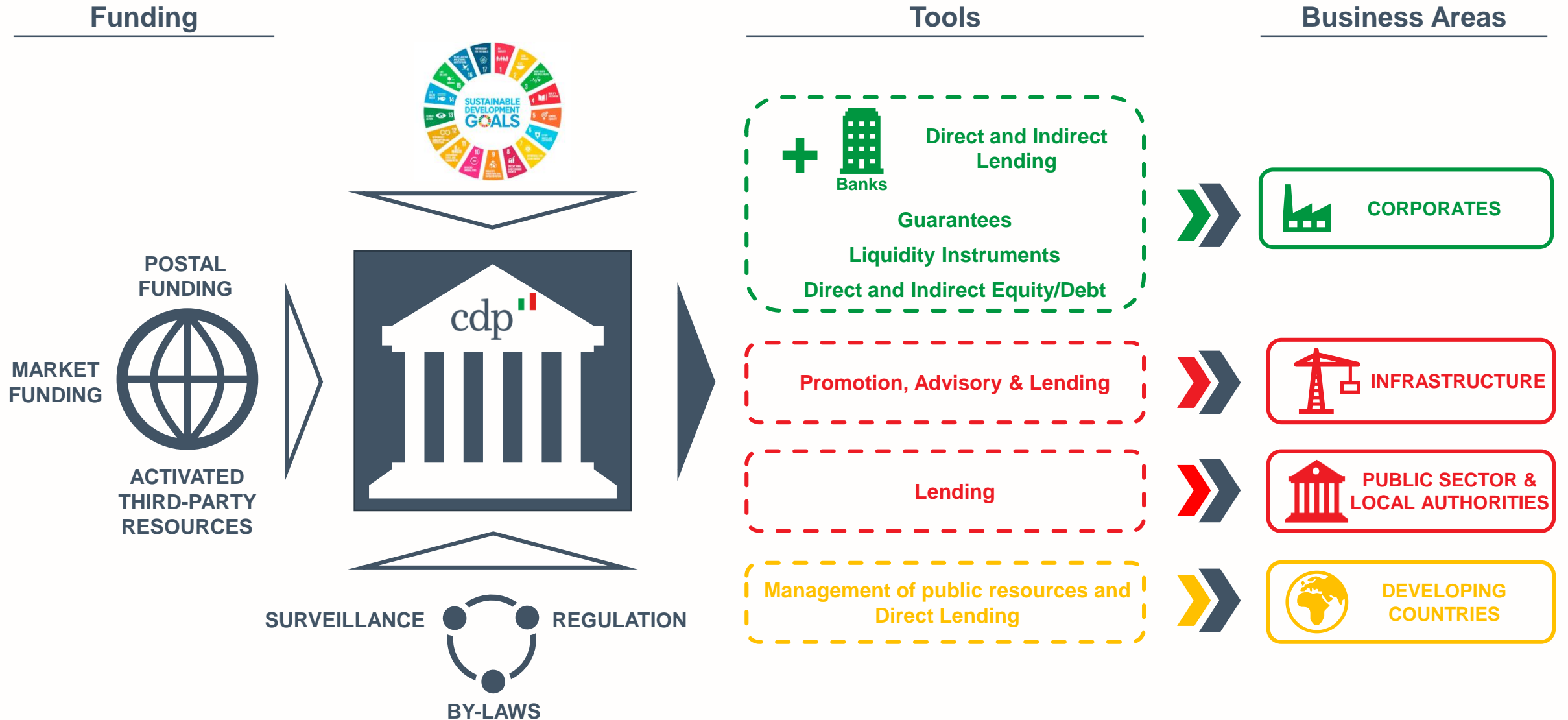
Ministry of  
Economy and  
Finance

**16%**

Bank  
foundations

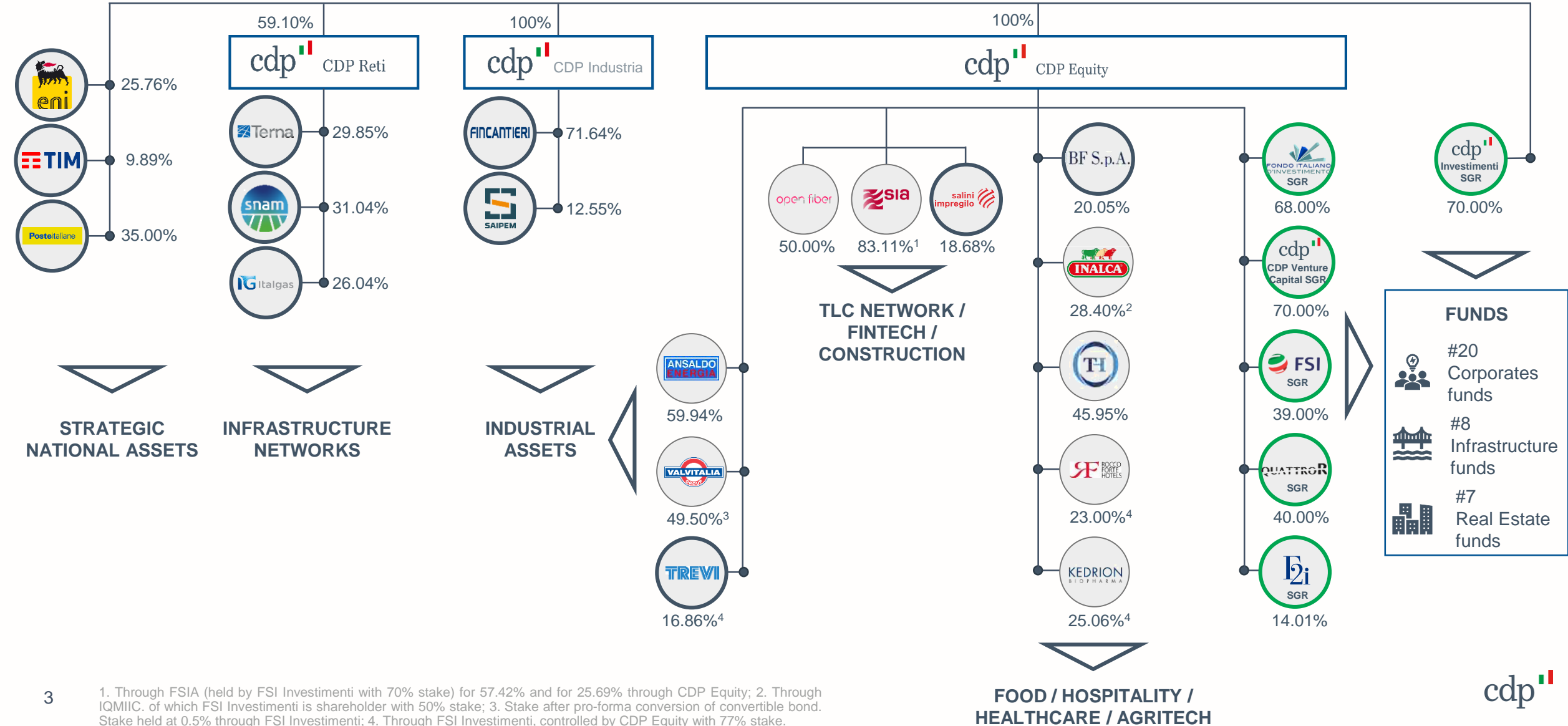
1. CDP consolidated balance sheet as of 30 June 2019
2. CDP S.p.A. balance sheet as of 30 June 2019
3. CDP consolidated P&L as of 30 June 2019. Net Income 1H19 attributable to CDP S.p.A. equal to 1.4 EUR Bn
4. Remaining 1% treasury shares

# Business Model



# CDP Group Equity Portfolio Snapshot

○ Listed companies  
○ Asset Management companies



1. Through FSIA (held by FSI Investimenti with 70% stake) for 57.42% and for 25.69% through CDP Equity; 2. Through IQMIIC, of which FSI Investimenti is shareholder with 50% stake; 3. Stake after pro-forma conversion of convertible bond. Stake held at 0.5% through FSI Investimenti; 4. Through FSI Investimenti, controlled by CDP Equity with 77% stake.



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# CDP 2021 » 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

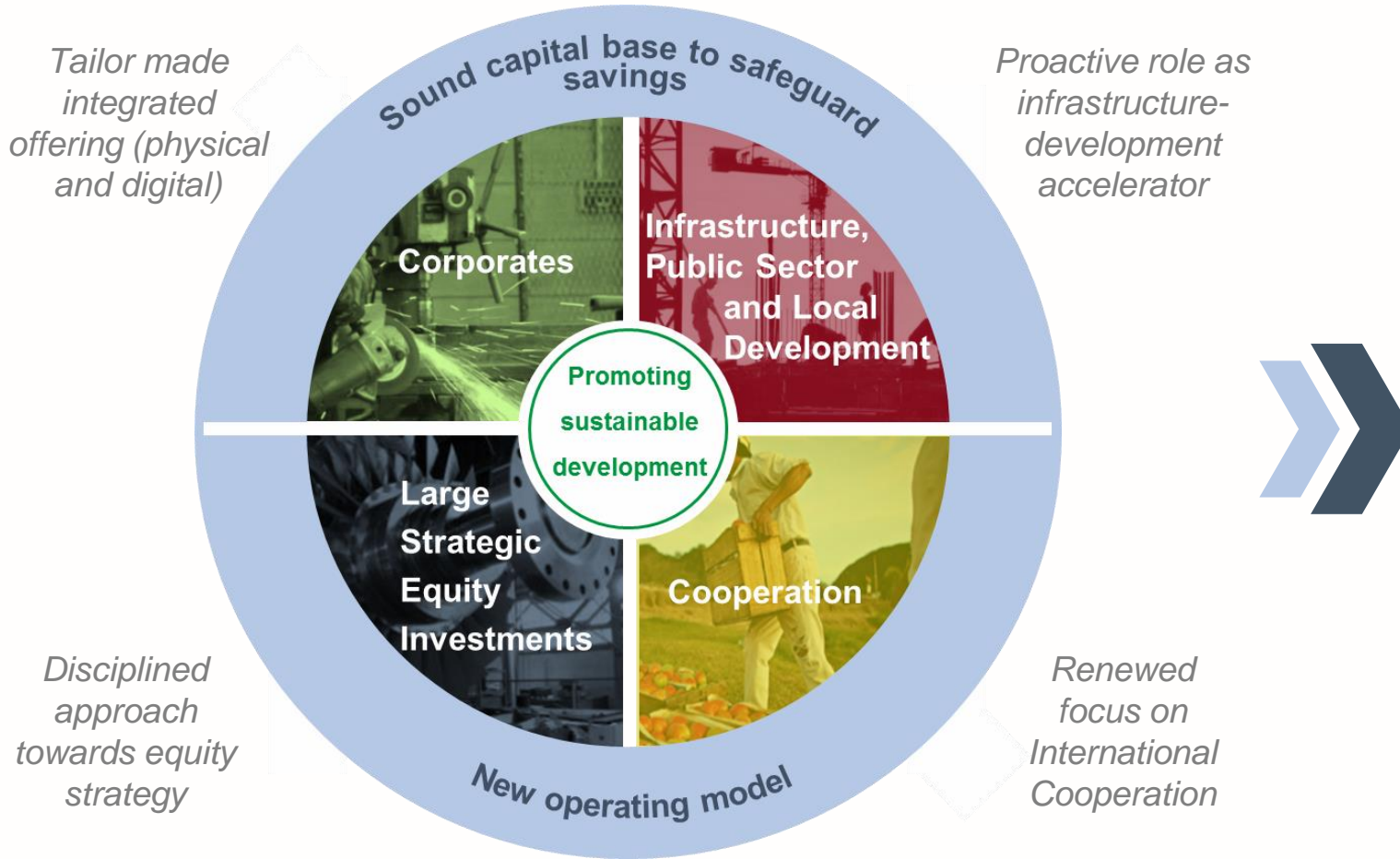
17 goals of the UN 2030 Agenda for Sustainable Development



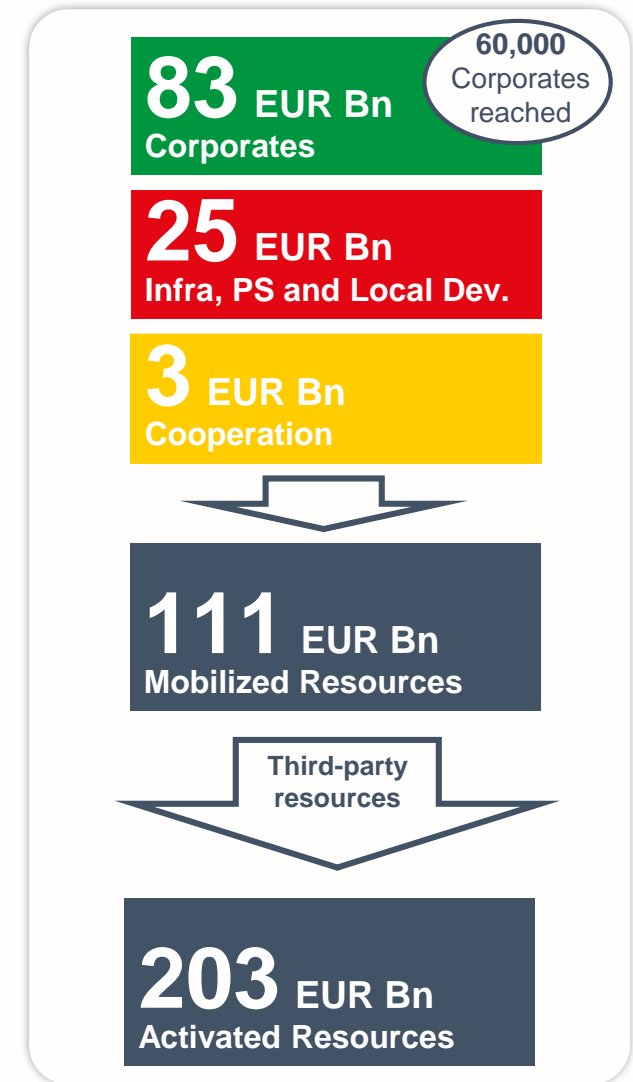
Introduction of a new proactive approach to deal with the current economic and industrial challenges in Italy and globally with the goal to achieve adequate sustainable growth and development



# 2019-2021 Business Plan - From Italy to Italy



## Main 2021 targets

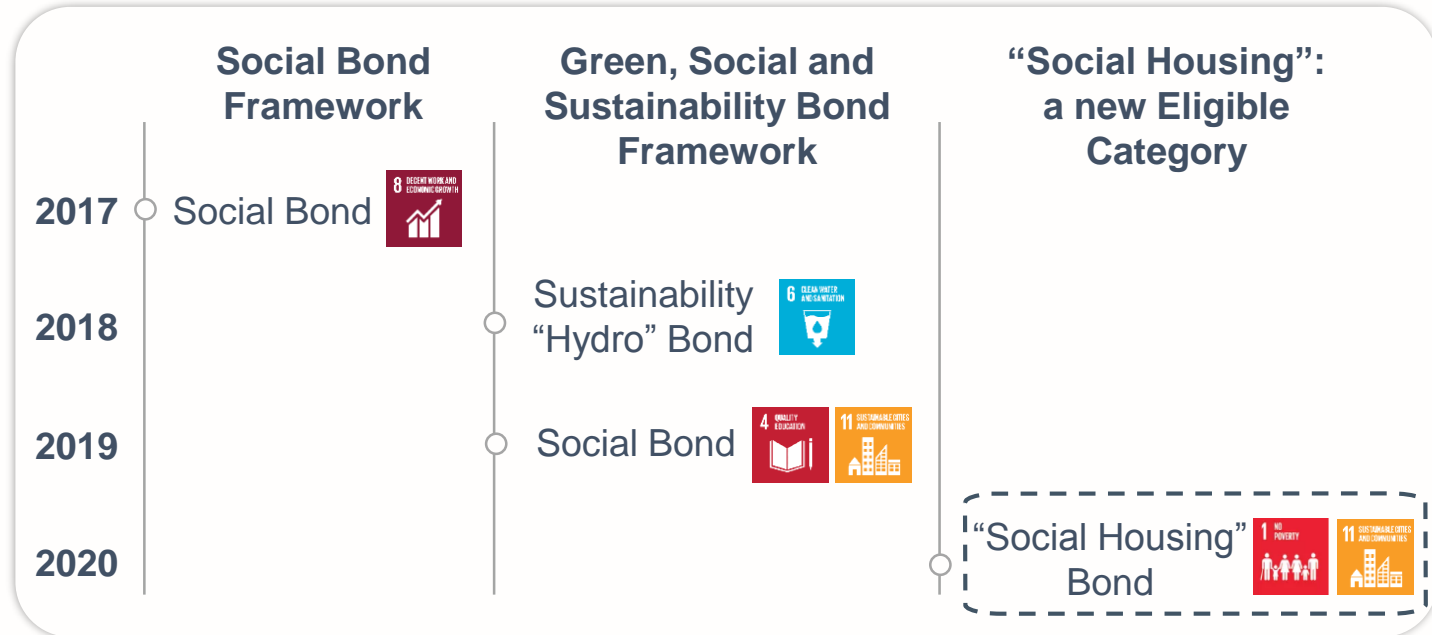
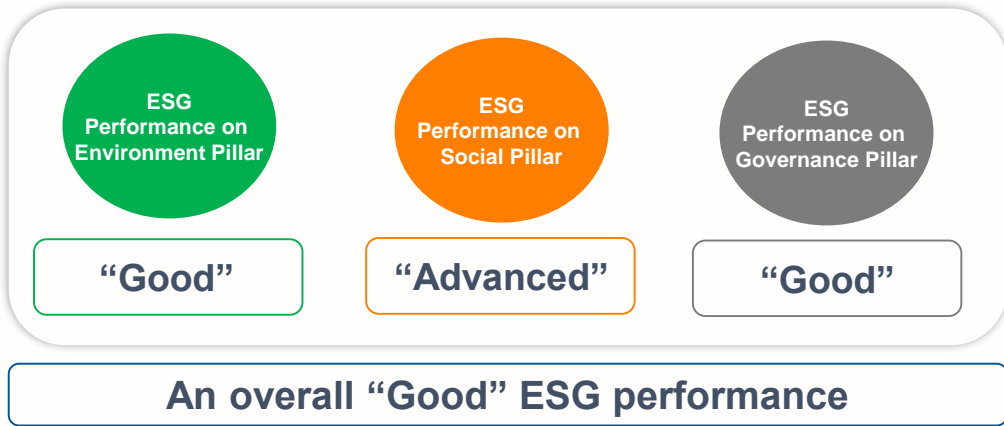


# CDP Green, Social and Sustainability Bond Framework



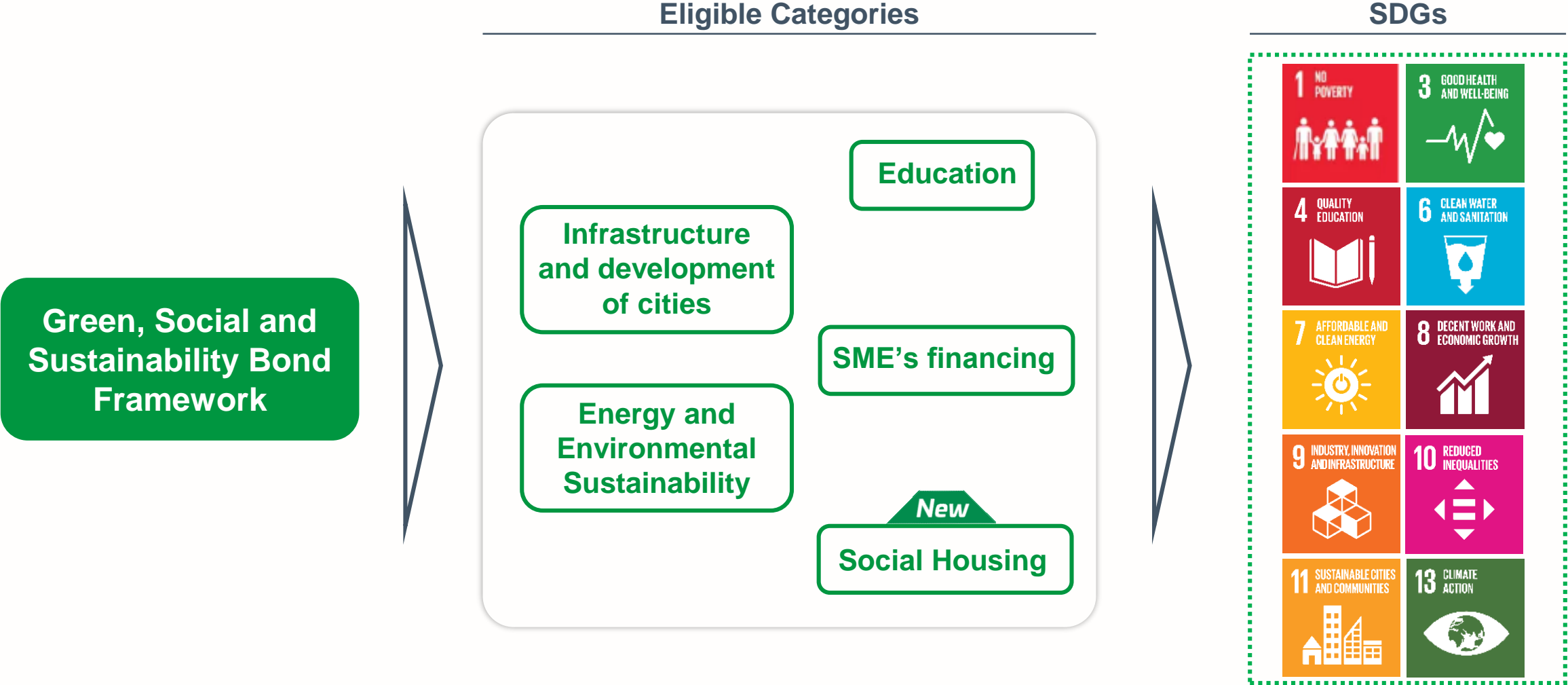
CDP Green, Social and Sustainability Bond Framework (“**CDP Framework**”) is in line with the **Green Bond Principles 2018**, the **Social Bond Principles 2018** and the **Sustainability Bond Guidelines 2018** issued by the **International Capital Market Association (ICMA)**.

CDP 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**.



**CDP was the first Italian Social Bond issuer and is one of the main issuer in the Social Bond Market**

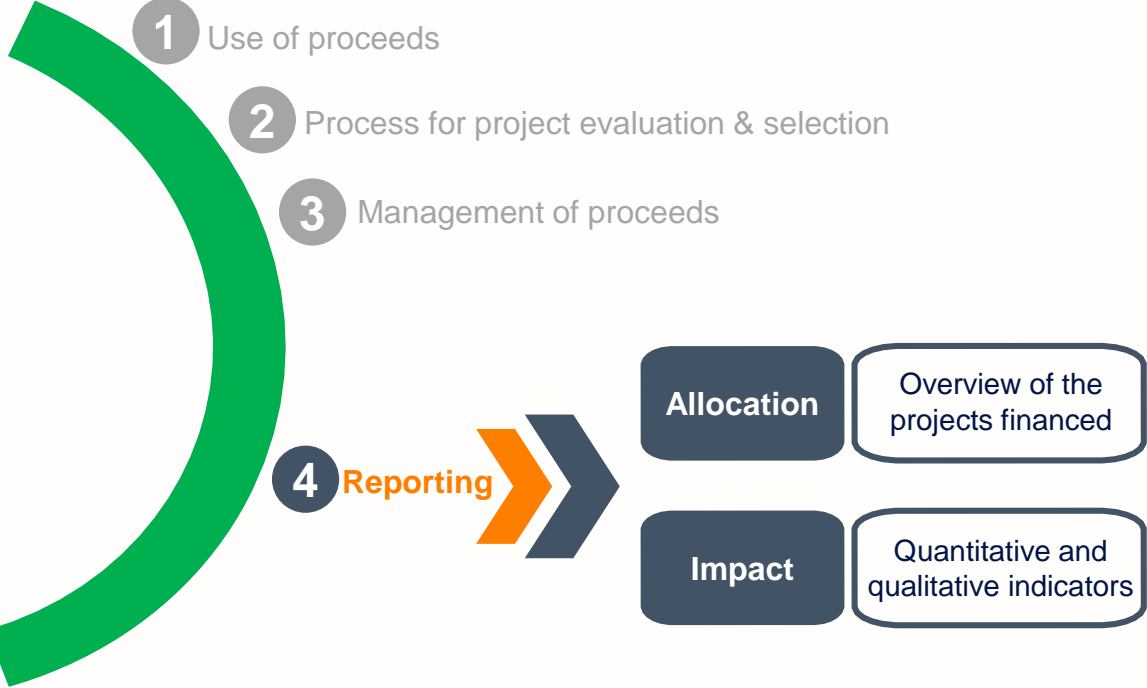
# CDP Framework - High focus on SDGs



Eligible categories included in CDP Framework address 10 out of the 17 UN SDGs

# CDP Framework - focus on Reporting

One year after each Green, Social and Sustainability Bond issuance, CDP produces a detailed report illustrating the eligible loans financed through the raised proceeds and their social and environmental impacts



Reporting is aimed at providing maximum transparency on the portfolio of assets to be addressed and at underlining the quality and positive impact of the projects financed

# Agenda

**CDP at a glance**

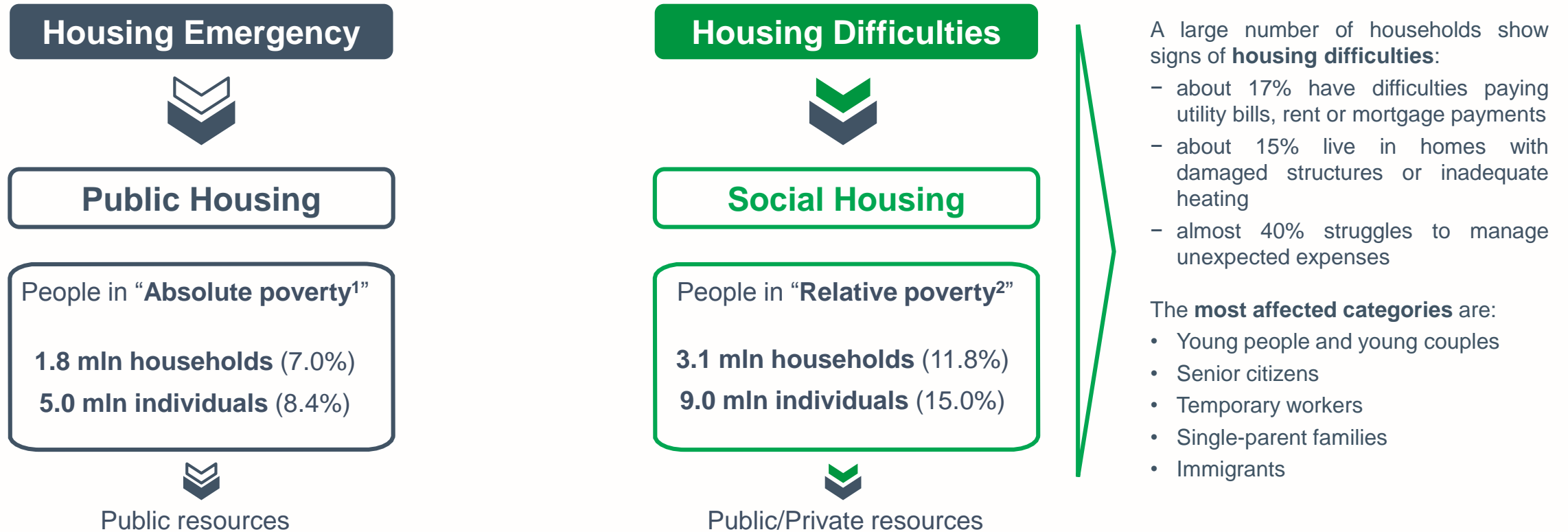
**#CDP2021: Promoting Sustainable Development**

**Social Housing in Italy**

**Key Financials, Funding Structure and Credit Rating**

# What is Social Housing and why it is so relevant in Italy

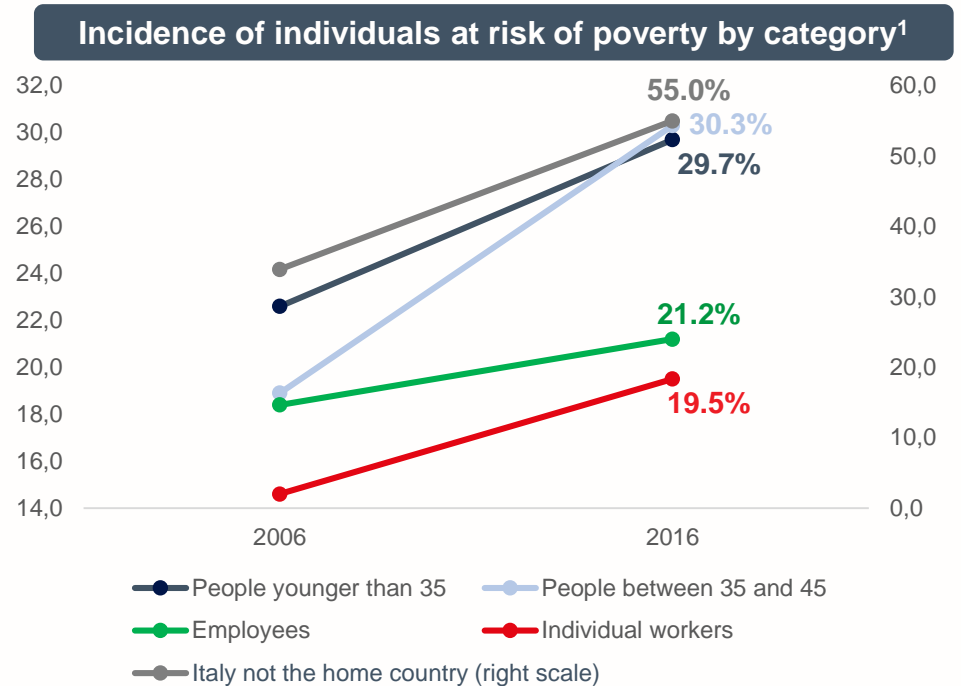
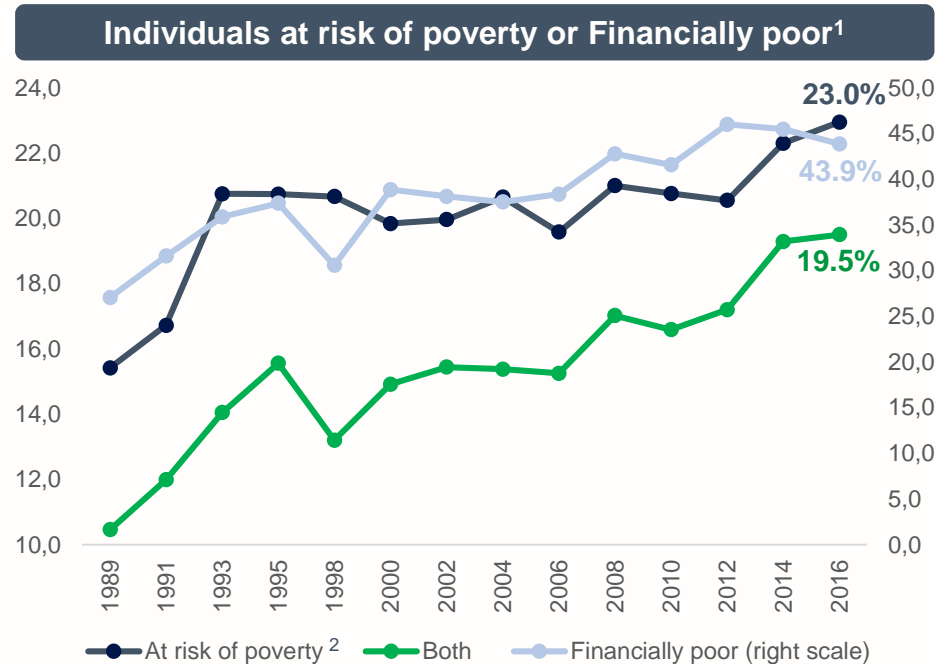
Over the last years, having access to adequate housing solutions has become difficult for an increasing number of people, even outside the most vulnerable sections of the population



**Social Housing helps people in situations of “distress” that do not fall within the poverty brackets required for Public Housing but are unable to find housing at market conditions**

# Risk of poverty in Italy

%



- Almost **1 out of 4** individuals has an **equivalent income<sup>3</sup>** that put him/her at risk of poverty
- Individuals who **don't have enough financial assets to face unexpected expenses** are **44%** of the population
- People both at risk of poverty and financially poor **doubled since 1989**

- Around **1 out of 3** people **younger than 45** is at risk of poverty
- Around **1 out of 5** workers are at risk of poverty
- Among **people whose home country is not Italy**, the incidence almost doubled since 2006 at **above 50%**

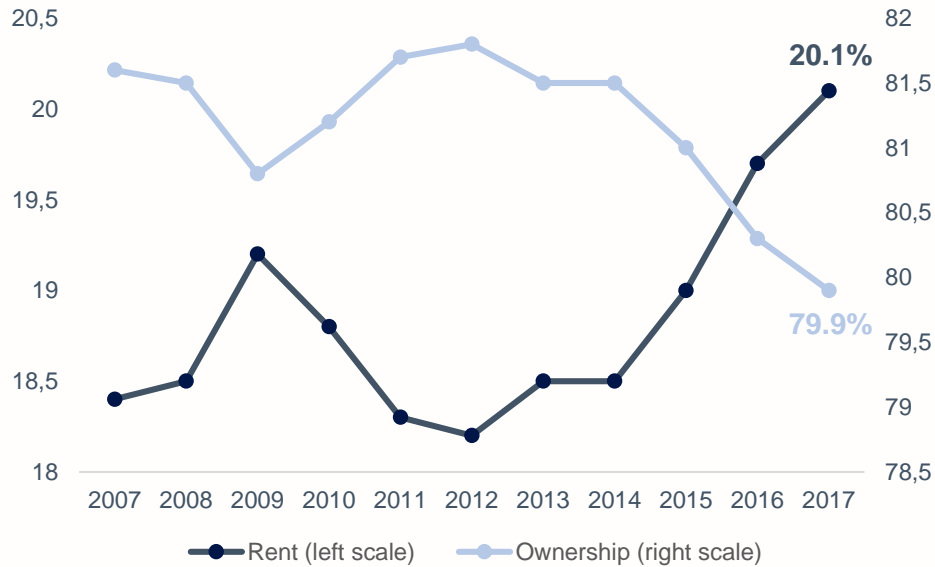
**Especially for some categories, the economic financial conditions have worsened, putting them at risk of poverty**

1. Source: 2016 Bank of Italy data available on the "Survey on Household Income and Wealth – 2016" (<https://www.bancaditalia.it/publicazioni/indagine-famiglie/bil-fam2016/index.html>)  
 2. Risk of poverty=equivalent income below 60% of the median; financially poor=the disposal of current financial assets is not enough to avoid the risk of poverty for at least 3 months  
 3. Equivalent income=income that a family member should have in order to reach the same life standard he/she would have living alone

# Italian Real Estate market

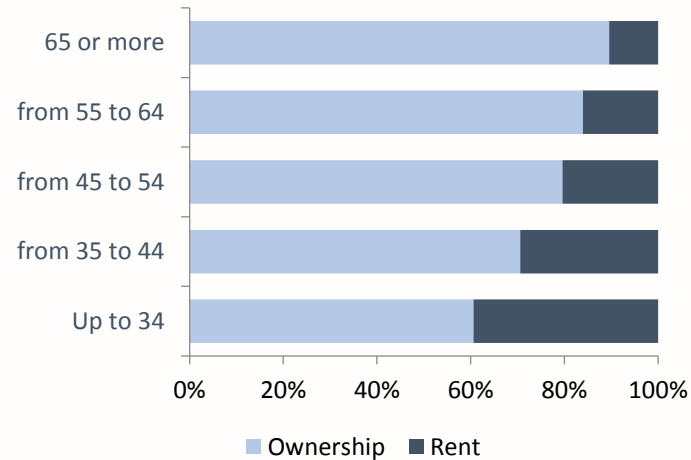
%

### Tenure status of the principal house<sup>1</sup>

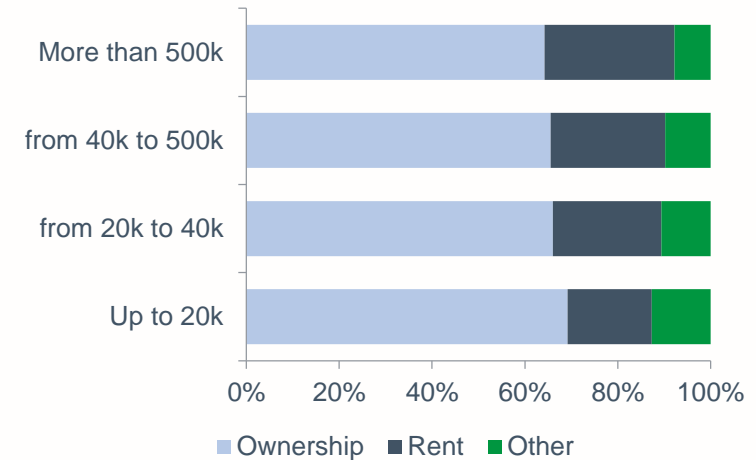


- Italy is the European country with the **highest percentage of ownership** (80.3%)
- With purchase prices still high - although decreasing - and difficulties in access to credit, since 2012 rents are materially replacing ownership

### Tenure status by Age<sup>1</sup>



### Tenure status by size of municipality<sup>2</sup>



- Percentage of rents is higher between **people younger than 44** and in **medium-big municipalities**

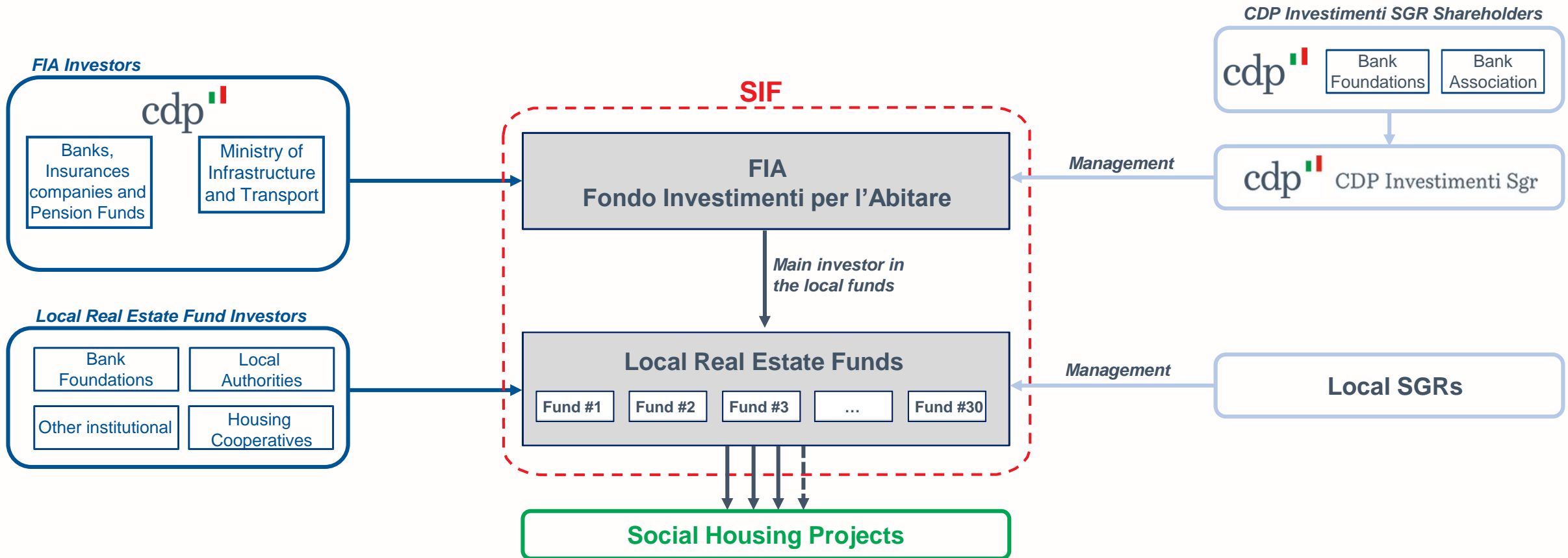
**For an increasing number of people, especially young and living in medium-big municipalities, rents are becoming the only way to satisfy housing needs**

1. Source: 2017 Istat data available on "Households Economic Conditions and Disparities" section of Istat Database (<http://dati.istat.it/Index.aspx?lang=en&SubSessionId=7243c95e-5fc9-4458-a837-e59d4ceaa2f8>)  
 2. Source: 2014 Bank of Italy data available on the "Survey on Household Income and Wealth – 2014" (<https://www.bancaditalia.it/pubblicazioni/indagine-famiglie/bil-fam2014/index.html>)



# The Italian answer to housing difficulties

With the aim to support Social Housing, since 2010 the **SIF - Sistema integrato di Fondi Immobiliari** is operative, consisting of a network of local funds financed mainly by a national fund managed by CDP Investimenti SGR SpA (**FIA – Fondo Investimenti per l’Abitare**)



**SIF aimed at providing resources to improve, in support and integration of Public Sector, the housing conditions of Italian households in housing difficulties**

# CDP Social Housing Bond 2020



## Eligible Loans/Projects

Financing projects that increase **access to social housing** aiming to support people living in social and economic difficulties and person living without adequate housing, through **construction, renovation or upgrade** of social housing as to **provide decent housing**



As an example, CDP will use the net proceeds from the new Social Bond for its **equity investment** into **Fondo Investimenti per l’Abitare (FIA)**



CDP’s new Social Bond will be inspired by the UN SDGs 1 & 11: “No Poverty” and “Sustainable Cities and Communities”

# Agenda

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**Social Housing in Italy**

**Key Financials, Funding Structure and Credit Rating**

# CDP Parent Company Balance Sheet

EUR Bn

## Assets

**Cash & Cash Equivalents**

(-1% vs. YE2018)

167

**Loans**

(-1% vs. YE2018)

100

**Debt Securities**

(+13% vs. YE2018)

68

**Equity Investments**

(+2% vs. YE2018)

34

**Other Assets**

13

**cdp**  
**1H 2019**

Total Assets

**382**

(+3% vs. YE2018)

## Liabilities

**Postal Funding**

(+1% vs. YE2018)

260

**Bond Funding<sup>1</sup>**

(+6% vs. YE2018)

20

**Other Funding<sup>2</sup>**

(+11% vs. YE2018)

73

**Other Liabilities**

5

**Total Equity**

(-4% vs. YE2018)

24

1. Including commercial papers  
2. Including funding from banks and customers

# CDP Assets

EUR Bn

## Assets

### Cash & Cash Equivalents

(-1% vs. YE2018)

167

### Loans

(-1% vs. YE2018)

100

### Debt Securities

(+13% vs. YE2018)

68

### Equity Investments

(+2% vs. YE2018)

34

#### LIQUIDITY BUFFER

157 EUR Bn of cash on the **Treasury Current Account** with the Ministry of the Economy and Finance (MEF) provide outstanding financial flexibility

#### ASSET QUALITY

Mainly fixed rate exposures with local & regional governments, assisted by favorable laws. **Net NPLs/Net Loans to customers and banks 0.1%**<sup>1,2</sup>

#### NATURAL BUYER OF ITALIAN BTPs

Debt Securities Portfolio mainly consisting of government bonds, used as ALM to manage interest rate risk and optimize banking book profitability

#### STRONG EQUITY PORTFOLIO

Stakes in some of the most important Italian listed companies (Eni, Italgas, Terna, Snam, Poste Italiane, Fincantieri, TIM)

**Strong capital base to protect savings and support country growth**

# CDP Funding

EUR Bn

## Postal Funding<sup>1</sup>



Postal Bonds



Passbooks

- **Postal savings** represent a common investment for Italian households
- **Stable and anticyclical source of funding**
- Positive trend since 2018 thanks to continuing effort towards innovation and digitalization of products
- Main source of liquidity on the Treasury Current Account

260.3

## Non-Postal Funding<sup>1</sup>



Bonds



Money market



Multilateral Banks



Other

93.0

- 10 EUR Bn **Debt Issuance Programme**
- **Outstanding bonds<sup>2</sup>** for 20 EUR Bn, o/w:
  - 3 **ESG Bonds** (1.75 EUR Bn)
- 6 EUR Bn **Short-Term Commercial Papers programme**
- Short-term funding on the **money market** through deposits and repurchase agreements
- Credit facilities granted by **Multilateral Banks** (EIB-CEB)

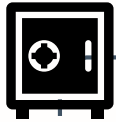
Mix of resilient Postal Funding and diversified Market Funding to support Business Plan challenges

# Focus on Postal Funding

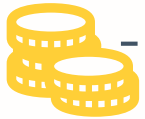
## Products

Postal Bonds

Passbooks



- Entirely guaranteed by the Republic of Italy
- Not subject to bail-in
- Redeemable at par at any time



- No fees or commission
- Bonds benefit from a tax break

## Issuer



## Distributor

Posteitaliane



- Exclusive service agreement with Poste Italiane renewed in Dec. 2017 for the period 2018 - 2020



- Unparalleled physical and digital distribution network:
  - ~13k post offices
  - Brand-new App and website

## Customers



~27mn customers  
(total customer base)



- Net flows strongly rebounded since 2016, with stock solidly growing supported by digital offering



- # of digital customers steadily increasing with a growing contribution from the App

Historically common products among Italian households, being innovated in terms of offering and going more digital

# Focus on Long-Term Market Funding and Credit Rating

EUR Bn

CDP is a frequent issuer thanks to the latest approved **Debt Issuance Programme (DIP)** for **10 EUR Bn**

CDP aims to become a frequent issuer in the **ESG Bond** market

**Outstanding bonds<sup>1</sup>** for **18 EUR Bn**, with more than **40 transactions closed**

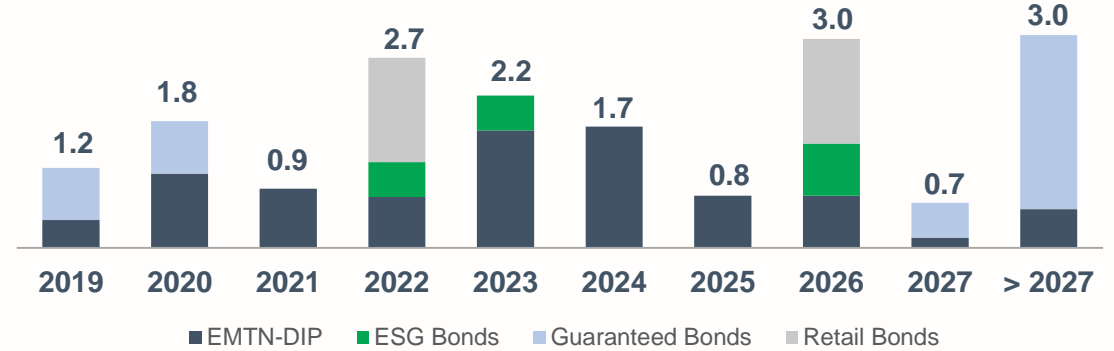
**Senior Unsecured** notes listed on the Luxembourg Stock Exchange<sup>2</sup>

**Access to international markets** (USD, JPY, RMB)

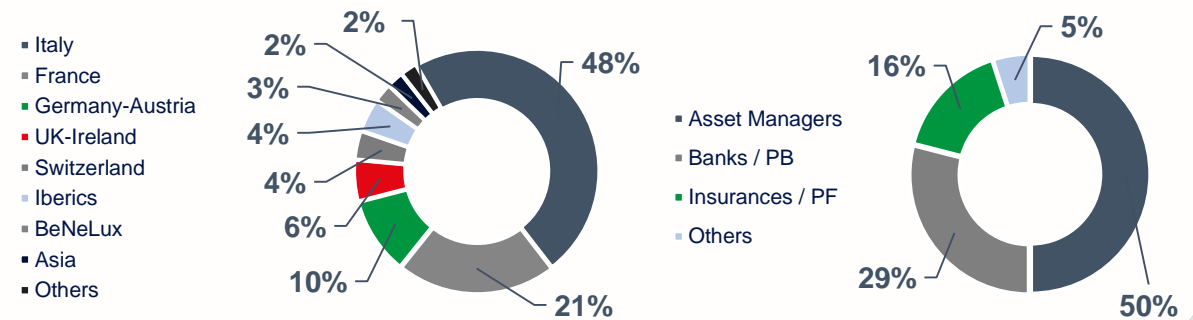
CDP bonds rank *pari passu* with **Postal Savings products**

**Eligible for the ECB Collateral Framework** and the **Public Sector Purchase Programme (PSPP)**

## Bond Maturity (as of 30 June 2019)



## Investor Allocation<sup>3</sup>



**CREDIT RATING**



**S&P Global Ratings**

**BBB Negative**

**FitchRatings**

**BBB Negative**

**SCOPE**

**BBB+ Stable**

**MOODY'S**

**Baa3<sup>4</sup> Stable**

1. Including EMTN-DIP (~ 10.5 EUR Bn), Guaranteed Bonds (4.5 EUR Bn) and Retail Bond (3 EUR Bn) as of 30 June 2019. Net of 2.4 EUR Bn Commercial Paper  
 2. Social and Sustainability Bonds have been listed also on the Italian Stock Exchange (i.e. Borsa Italiana)  
 3. Refers to public issuances since 2011  
 4. Unsolicited rating from 1 January 2020



# ESG Public Issuances Highlights

## Social bond 2017



**Size**

500 EUR Mn

**Tenor**

5 Years

**Use of Proceeds**

Sustainable economic growth, ensuring credit access for Italian SMEs located in economically deprived areas or hit by earthquakes and supporting employment



## Sustainability bond 2018



500 EUR Mn

5 Years

Construction and modernization of the Country's water infrastructure



## Social bond 2019



750 EUR Mn

7 Years

Construction, upgrade, safety and seismic retrofitting of public schools and requalification of urban infrastructure, providing universal access to safe public spaces



# First “Panda Bond” issuance



- **Funding in local currency** to finance - directly, through Chinese branches of Italian banks or through Chinese banks - branches or subsidiaries of Italian companies established in China, supporting their growth
- **Diversification of CDP investor base** through the opening of a new funding channel in a market with great potential
- Issued on 1 August 2019 by CDP
- Nominal amount of **1 billion Renminbi**
- Part of the issuance plan “2019 Renmimbi Bonds of Cassa depositi e prestiti S.p.A.” authorised by the People’s Bank of China, for a **maximum total amount of 5 billion Renminbi**

CDP has been the first Italian issuer and the first European NPI to explore China Interbank Bond Market

# Useful documentation

**Green, Social and Sustainability  
Bond Framework**



**Inaugural Social Bond Report**



**Sustainability Bond Report**



**2019-2021 Business Plan  
Presentation**



**1H2019 Results Presentation**



**2019 Half-yearly Financial Report**





# Contacts

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