



Cassa depositi e prestiti

Inaugural Social Bond

November 2017

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Social for More Than 150 Years



CDP has been **social** for more than **150 years**, collecting **postal savings** from **Italian households**, to finance **social and public infrastructures**

The Italian National Promotional Institution



CDP is the **second largest European NPI**, after German **KfW**, followed by French **CDC** and Spanish **ICO**



It is a **joint-stock company** controlled by the Italian **Ministry of Economy and Finance**; a **Market Unit** for **Eurostat** purposes; a **Credit Institution** according to **ECB**



It is the **entry point** in Italy for **Juncker Plan**, with **8 approved investments platforms** and **€12bn** of total resources invested



CDP is the **Italian NPI** supporting **economic development** and investing in **competitiveness** since **1850**

CDP's 'DNA'

Promotional

Italian Institution fostering **long-term promotional** and **development** activities

Systemic

Anti-cyclical systemic role in response to **market failures**

Complementary

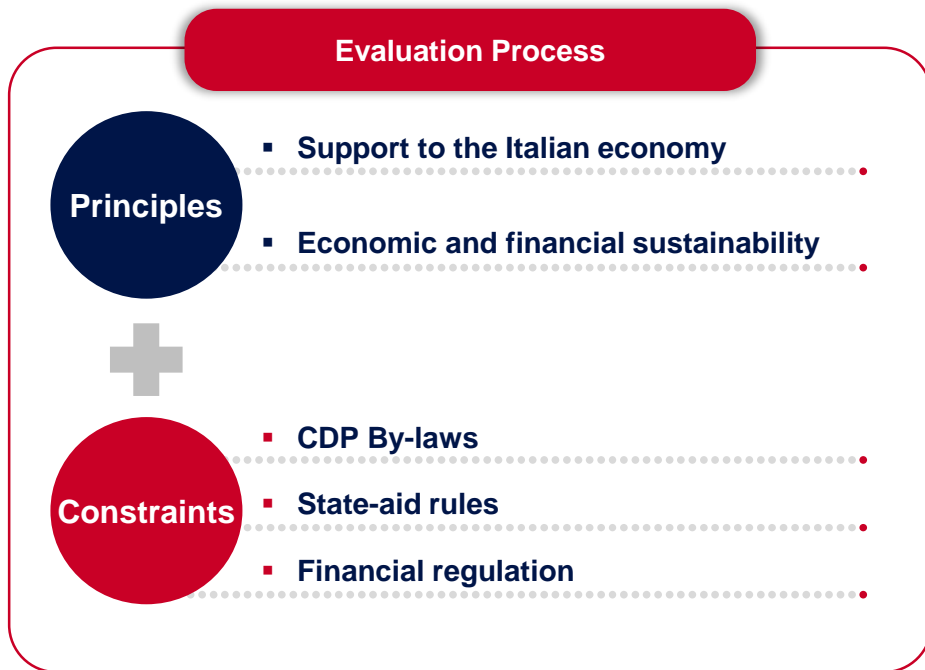
Catalyst for national and international **resources**, **partnering** with banks and financial institutions

Socially Sustainable

Support to **social** and **environmental** development

Social sustainability is one of the **four pillars** distinguishing the **nature** of CDP's activities

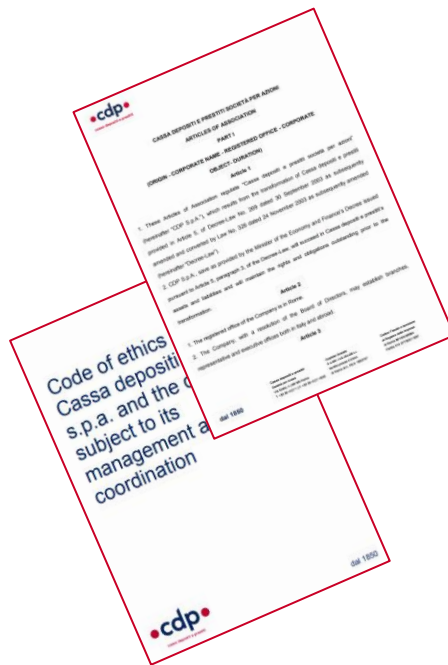
Investment Guidelines



All investment decisions are based on
sound economic principles and **well-defined constraints**

Sustainability Strategy

- **Social and environmental sustainability** are part of **CDP's mission**, as stated by company's **By-laws** and **Code of Ethics**
- CDP has been **social** for more than **150 years**, collecting **postal savings** from **Italian households**, to finance **social** and **public infrastructures**
- In **2017** CDP committed to ESG standards, releasing its first **Corporate Governance and Responsible Investment Principles** framework, covering:
 - Shareholders responsibility and rights
 - Corporate Governance Structure
 - Remuneration
 - Reporting, accounts and audit
 - Sustainable Business Practices
 - Engagement and Communication
- CDP is planning to publish its first **Sustainability Report** (related to FY2017) in **2018**



By-laws:

One of the corporate objects is the granting of financing for investments in **research, development, innovation**, protection and leveraging of **cultural assets**, promotion of **tourism, environment** and **energy efficiency, green economy**

Code of Ethics:

'We assess the **economic, social** and **environmental impact** of our actions from a long-term perspective'

CDP's commitment to **sustainability** comes from the very **nature** of its **business**

Goals and Principles



- CDP's approach to sustainability is inspired by the 17 targets identified by the **United Nations Sustainable Development Goals (UN SDGs)**
- Particular focus is on **SDG 8: 'Decent work and economic growth'**



- CDP finances **Social Projects** in accordance with the **Social Bond Principles (SBP) 2017**, supported by the **International Capital Market Association (ICMA)**
- SPB 2017 have four **core components**:
 - Use of proceeds
 - Process for project evaluation and selection
 - Management of proceeds
 - Reporting
- Within the current framework, CDP promotes **employment generation** including through the potential effect of **SME financing** and microfinance

Responsible Financing

Commitment

- CDP finances **projects** with **positive social** and **environmental impact** for the Italian economy
- **Business and Finance Departments** assess **social** and **environmental impact** of investments, while **Group Identity, Communications & Sustainability Department** is in charge of **CSR activities**

- The **2016-2020 Business Plan** identifies **actions** and **steering policies** at Group level, underpinning **environmental** and **social awareness**

2016-2020 Business Plan

Social Initiatives

- **SME Funds and Enterprises Platform**
- **FRI – Social Fund**
- **Housing Fund**
- **Natural Disasters**
- **EFSI Platform SME** (SME risk-sharing)
- **FIA Funds** (social and smart housing)
- **Development Cooperation**

Green Initiatives

- **Kyoto Fund**
- **Low Environmental Impact Vehicles**
- **European Energy Efficiency Fund (EEEF)**
- **Sustainable Growth Fund**
- **Marguerite Fund** (2020 European Fund for Energy, Climate Change and Infrastructure)
- **MATTM Fund** (Ministry of the Environment and Land and Sea Protection)

Case Studies

Social Initiatives



8
€bn

New SME Fund fully allocated to **43,000 SMEs**, with **average financing** of **€166K**



266⁽¹⁾
€mn

Investment by **FIA Fund** (social and smart housing) to build a **new hospital** in **Milan** with **rooftop gardens** for **therapeutic purposes**



101⁽¹⁾
€mn

Investment by **FIA2 Fund** to build **H-Campus**, that will accommodate **> 3,000 students, startups, entrepreneurs and managers**



60
€mn

Financing for the construction and renovation of **rainwater drainage systems** in **Maputo** (Mozambique)

Green Initiatives



21
€mn

Financing to **public lighting** projects of municipalities managed by **Hera Luce** to **reduce CO2 emissions**



42
€mn

Renovation of refinery in **Milazzo** (Southern Italy) in order to **bring down dust emissions**



100
€mn

Financing guaranteed by **FCA Bank** for the renewal of **low-emission vehicles** of major Italian public and private companies



125
€mn

Subscription of **Green Bond** issued by **Alperia**, a **multi-utility company**

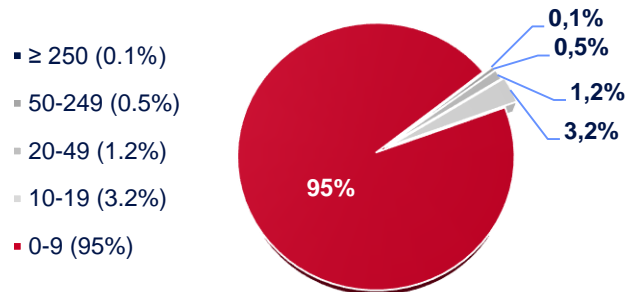
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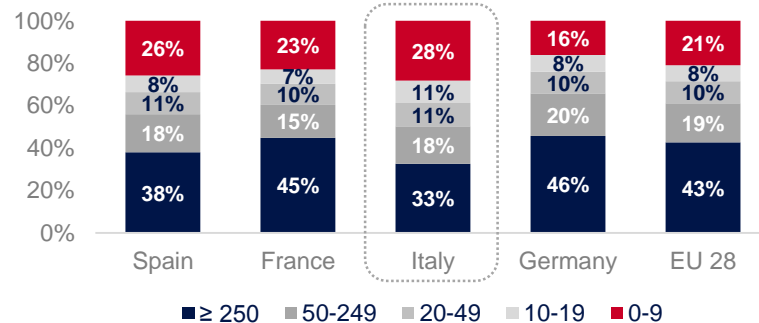
SMEs at the Heart of Italian Economy

Distribution of Italian Companies by Size⁽¹⁾

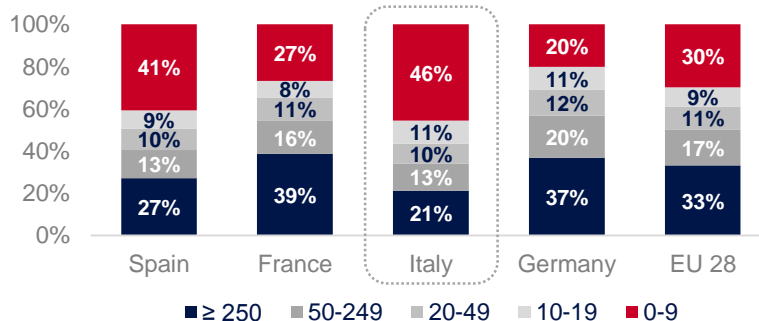


- Italian economy is characterized by **small and medium enterprises** (SMEs), e.g. < 250 employees, representing **99.9%** of the total
- SMEs** account for **67%** of **total value added** and about **79%** of **total workforce**
- SMEs'** relevance for the Italian economy is even **higher than EU average** and other peers

Total Value Added by Company Size⁽¹⁾



Total Workforce by Company Size⁽¹⁾



CDP's Support to SMEs

Liquidity Platforms

Tools providing **liquidity** to SMEs and facilitating access through the banking system

Eligible for Social Bond

Liquidity Platforms identified as sources of eligible loans to be financed or refinanced by CDP Social Bond proceeds



CDP supports Italian SMEs through structured interventions in close synergy with financial institutions



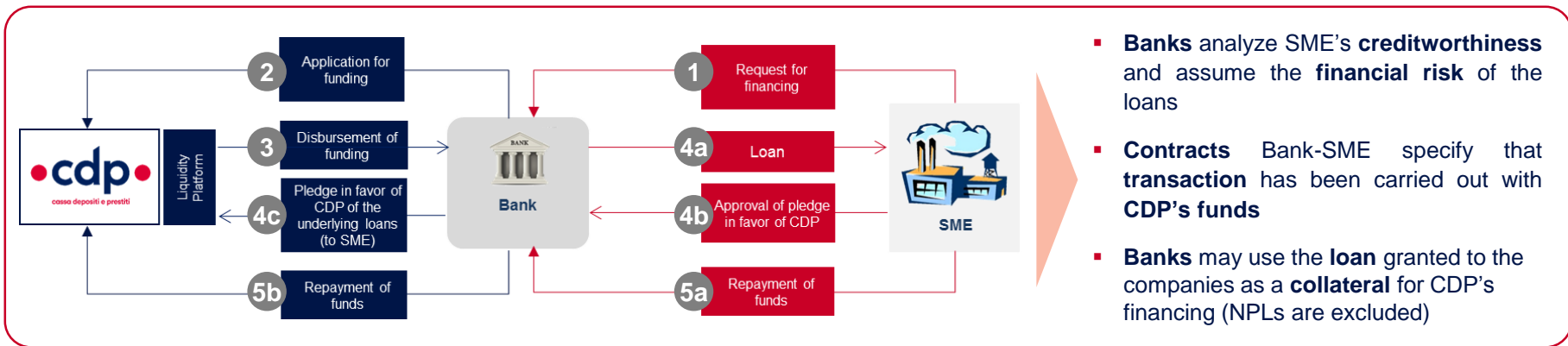
Risk-sharing Platforms

Tools allowing financial institutions to optimize **capital** allocation to SMEs

Supporting **SMEs** is of **crucial importance**, given their **key role** in the **Italian economic context**

Liquidity Platforms for SMEs Financing

- The **Inaugural Social Bond** will be linked to CDP's **liquidity platforms** financing **SMEs**



- Liquidity platforms are based on specific **agreements** with **ABI** (Italian Banking Association), establishing **uniform** and **transparent terms of conditions** to access CDP's funding
- **CDP** disburses **medium-to-long term financing** to banks assuring liquidity also in the **long part** of the curve

CDP provides **liquidity to SMEs** and **facilitates access to credit** through several liquidity platforms

Use of Proceeds

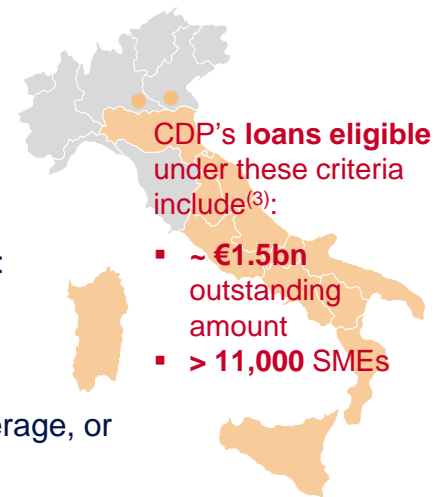
- **Social Bond(s) proceeds** will be used to **finance or re-finance**, in whole or in part, **new or existing loans** free from any other specific funding and having a **positive social impact**, as stated in the **CDP Social Bond Framework**⁽¹⁾

SMEs financing for:

- Supporting **Italian employment**
- Italian **economic growth** through support to **areas** and **populations** affected by **natural disasters**
- **Economically underperforming** Italian territories

Bond Proceeds for companies that meet all of the following criteria:

- Be a **Small, Medium, and Micro Enterprise** (< 250 employees)
- Be located in **deprived areas**:
 - Italian regions with **GDP per capita lower** than national average, or
 - Areas within Italy impacted by **natural disasters**
- Not be engaged in any **controversial business activity** (e.g. gambling, etc.)⁽²⁾



Bond proceeds will support Italian SMEs in deprived areas

(1) <https://en.cdp.it/investors/cdp-bonds/social-bond/social-bond.kl>

(2) Controversial business activities have been excluded using ATECO classification, equivalent to European NACE classification (see Appendix)

(3) As of 1H 2017

Selection and Management of Proceeds

- **Proceeds** of CDP Inaugural Social Bond will help achieve the **UN SDG ‘Decent work and economic growth’** (SDG 8), also in accordance with **ICMA SBP 2017**

A dedicated **Social Bond Working Group** has been established, and is composed of the following **CDP Departments**:

- **Finance**
 - **Business**
 - **Investor Relations & Rating Agencies**
 - **Corporate Social Responsibility**
-
- **Social Bond Working Group** will **oversee** the **allocation of proceeds** of any Social Bonds, in order to **select** and **evaluate** loans that meet **eligibility criteria**
 - **CDP commits** on a best effort basis to **manage** the **proceeds** of any Social Bonds issued, in order to keep the amount of **eligible loans** at least **equal** to **net proceeds** of CDP Social Bonds outstanding at any time
 - **Net proceeds** and **unallocated funds** will be managed within the CDP **liquidity portfolio**



**Project
Evaluation
and
Selection**

**Management
of Proceeds**

A dedicated Social Bond Working Group will oversee the allocation of proceeds and alignment with eligibility criteria

Reporting

- In line with **international standards**, CDP will produce a **report** on its Social Bonds, which will be published within **one year** from issuance and **annually** thereafter⁽¹⁾, at least until **full allocation** of proceeds

The report will include:

- **Allocation reporting**
 - Total amount of **proceeds** allocated to **eligible projects/loans**
 - Bond **proceeds** allocated per **region** and **sector** of activity
 - Balance of **unallocated proceeds**, if any
- **Output and impact reporting**
 - Number of **SMEs financed** with CDP Social Bonds
 - Estimation of the **number of employees** of financed SMEs
- **Case studies**
 - Highlights of **qualitative impacts** of CDP's lending for SMEs



Reporting

**A report on Social Bonds will be published
with focus on allocation of proceeds and impact indicators**

Second Party Opinion

- CDP has appointed **Vigeo Eiris** as **Second Party Opinion**⁽¹⁾ (SPO) provider to verify the sustainability credentials of **CDP Social Bond Framework** and assess its alignment with the **ICMA SBP 2017**
- On the **first anniversary** of the Social Bond issuance, the **SPO provider** will review the **compliance** of eligible loans to **eligibility criteria** and verify the **allocation process**⁽¹⁾



Issuer

‘CDP displays an overall **good ESG performance**’



Issuance

‘The Issuer’s Social Bond framework is **coherent ... and considered to be good**’



ESG Performance in Social Domain

‘CDP obtains an **advanced performance** in the Community Involvement domain’



Vigeo Eiris confirms that the Bond intended by CDP is a **‘Social Bond’** with positive contribution to **sustainable development**, aligned with the Social Bond Principles

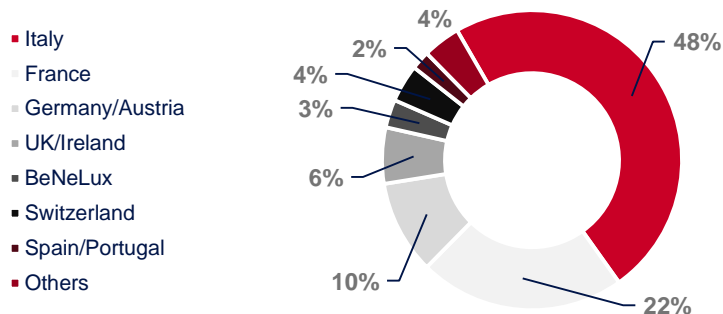
Debt Issuance Program

€bn

Bond Funding Volumes



Geographic Distribution⁽¹⁾ (%)



Key highlights

- **Outstanding bonds⁽²⁾** amount to ~ **€13bn**, with more than 30 single transactions.
The **€500mn Social Bond** has been issued in November 2017
- **Senior Unsecured** notes listed on the Luxembourg Stock Exchange⁽³⁾
- **Pari passu** ranking with **postal savings**
- Access to **non-euro markets** (USD, JPY)
- Eligible for **ECB collateral framework** and **Public Sector Purchase Programme**

Social Bond has been issued under the **€10bn Debt Issuance Program (DIP)**

Credit Rating

S&P Global
Ratings

BBB/A-2
Stable

- Integral link with the Italian government
- Critical role for Italian economy
- Sound fundamentals

MOODY'S

Baa2/P-2
Negative

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

FitchRatings

BBB/F2
Stable

- Strong State links
- Dividend role for profitability
- Sound funding structure

SCOPE

A-/S-1
Stable

- Italian NPI and unique business model
- Solid fundamentals
- Dividend role for profitability

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Controversial Business Activities

Full list of potentially controversial business activities not eligible for CDP Social Bonds

- Growing of tobacco
- Mining of non-ferrous metal ores
- Distilling, rectifying and blending of spirits
- Manufacture of other non-distilled fermented beverages
- Manufacture of malt
- Manufacture of tobacco products
- Manufacture of other inorganic basic chemicals - manufacture of uranium and enriched thorium
- Manufacture of explosives
- Manufacture of weapons and ammunition
- Manufacture of machinery for food, beverage and tobacco processing
- Manufacture of other special-purpose machinery n.e.c.
- Manufacture of air and spacecraft and related machines - manufacture of ballistic missiles
- Manufacture of military fighting vehicles
- Repair of fabricated metal products - weapons
- Repair of fabricated metal products - white weapons
- Agents involved in the sale of food, beverages and tobacco
- Wholesale of grain, unmanufactured tobacco, seeds and animal feeds
- Wholesale of beverages - alcoholic
- Wholesale of tobacco products
- Other retail sale in non-specialised stores (non-food stores)
- Retail sale of beverages in specialised stores
- Retail sale of tobacco products in specialised stores
- Other retail sale of new goods in specialised stores - gift items and smokers' items
- Other retail sale of new goods in specialised stores - weapons
- Defence activities
- Gambling and betting activities
- Other amusement and recreation activities - dance halls, night clubs and similar
- Other amusement and recreation activities - beach resorts
- Other amusement and recreation activities - billiard room and similar
- Other amusement and recreation activities - others
- Activities from other association and organization

€500mn 5Y Inaugural Social Bond

Transaction Summary

Issuer	Cassa depositi e prestiti S.p.A.
Issuer Ratings	Baa2 (M) / BBB (SP) / BBB (F) / A-(Scope)
Issue Rating	Baa2 (M) / BBB (SP) / BBB (F) / A-(Scope)
Documentation	Issued pursuant to a Drawdown Prospectus, under the Issuer's €10bn Debt Issuance Programme
Governing law	Italian law
Format	RegS bearer / Social Bond
Ranking	Senior Unsecured
Size	€500mn
Denomination	€100,000 + €100,000
Pricing Date	14 November 2017
Settlement Date	21 November 2017
Maturity Date	21 November 2022 (5Y)
Coupon	0.750% fixed, annual act/act
Reoffer Spread	MS +57bps
Reoffer Yield	0.783%
Reoffer Price	99.839%
Listing	Luxembourg Stock Exchange

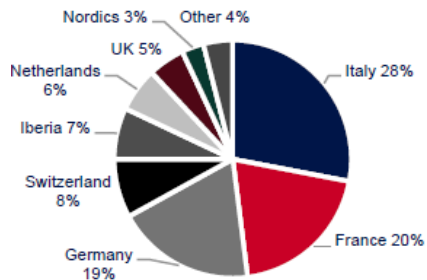
Transaction Highlights

- On November 14th, 2017 Cassa depositi e prestiti (CDP) successfully priced its inaugural €500mn 5-year Senior Unsecured social bond
- This transaction represents the first Social Bond issued in the public institutional markets by CDP

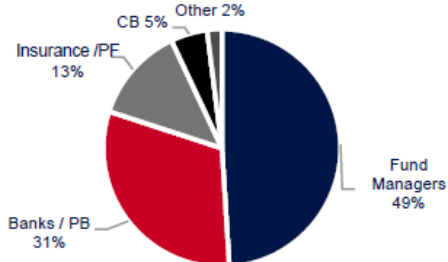
Transaction execution:

- On Tuesday 14th November 2017, following a pan-European road show to introduce its new Social Bond Framework, CDP announced the mandate and the IPT for the intended new 5-year Inaugural Social Bond
- Around 10 CET the IPT was set at Mid Swap +high 60bps for a €500mn "no grow" size
- One hour later, on the back of €1.6bn orders book, the guidance was released at Mid Swap +60/65bps
- Despite the sensible price revision, books continued to grow; at 12:30 CET the final spread was set at Mid Swap +57bps on the back of orders in excess of €2.25bn (pre-reconciliation)
- The books went "subject" at 12:40 involving more than 150 accounts
- The reoffer spread of Mid Swap +57bps implies a 14bps premium over BTP
- Later in the day the deal eventually priced with a coupon of 0.750%

Investor Allocation by Region



Investor Allocation by Type



JLMs and Joint Bookrunners



Contacts

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