Cassa Depositi e Prestiti S.p.A.

Rating Annex

Rating rationale and Outlook:

Cassa Depositi e Prestiti S.p.A.'s (CDP) issuer rating of BBB+/Stable is aligned with the rating of the Italian Republic. This reflects the strong degree of integration with the Republic of Italy, based on (i) the majority ownership by the Italian Ministry of Economics and Finance (MEF, 83%), which allows the State to elect most of CDP's board of directors and to set the policy for 'separate account' activities (i.e., the management of funds from state-guaranteed postal savings); (ii) CDP's key role for the country in channeling postal savings to public administration, infrastructures and enterprises; and (iii) the high level of financial interdependence between CDP and its sponsor.

The rating also considers the high likelihood of exceptional support from the Italian MEF, despite the absence of an explicit guarantee on all of CDP's liabilities. This view is based on CDP's strategic importance to the Italian government, the lack of credible alternatives, and the severe impact a default would have on the Italian economy and public finances.

CDP also benefits from solid stand-alone fundamentals, underpinned by (i) strong earnings, due to privileged access to stable postal savings, low credit costs and dividends from equity stakes; (ii) sound asset quality, reflecting the material exposure to Italian public entities; and (iii) a stable funding and liquidity profile. The supplementary analysis of CDP's financial fundamentals does not lead to an adjustment of the indicative rating derived from the top-down approach.

Credit challenges, which are driven by the bank's public policy mandate relate to the high exposures to the Italian economy.

Figure 1: Scope's rating approach for CDP

Cassa Depositi e Prestiti S.p.A.		
Public Sponsor	**Italian Republic (BBB+/Stable)**	
Step 1: Integration with the Italian Republic (QS1)	Rating Approach	Top-down
Step 2: Top-Down Approach (QS2)	Notching from the Italian Republic	0 notches (BBB+)
Step 3: Supplementary Analysis	Additional Notching	+/- 0 (BBB+)
Final Rating	**BBB+/Stable**	

Source: Scope Ratings

Local currency

Long-term issuer rating

BBB+/Stable

Senior unsecured debt rating

BBB+/Stable

Short-term debt rating

S-2/Stable

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Credit strengths and challenges

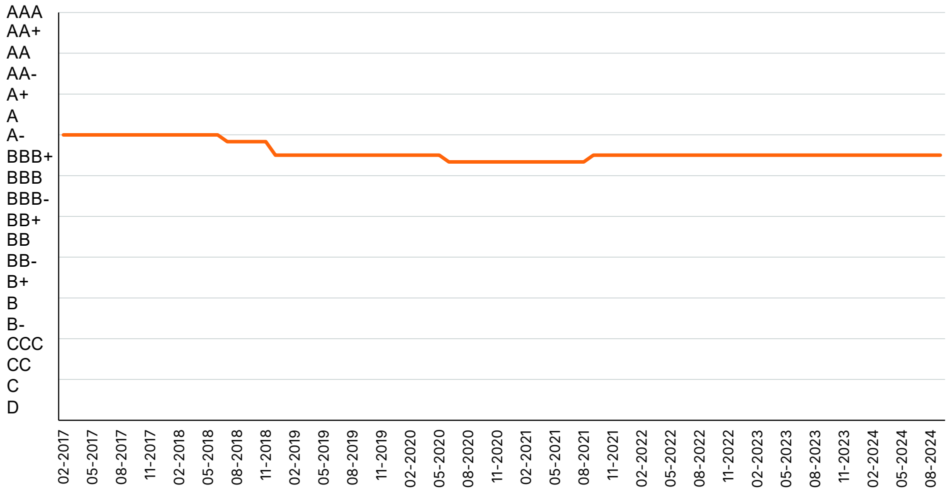
Strengths	Challenges
• Key role in the Italian economy • Access to stable postal savings • Strong earnings profile and clean balance sheet	• Credit quality intrinsically linked to that of the public sponsor, the Italian Republic

Outlook and rating sensitivities

The Stable Outlook reflects our view that risks to the ratings are balanced over the next 12 to 18 months.

Positive rating change drivers	Negative rating change drivers
• Upgrade of the Italian Republic's ratings and/or Outlook	• Downgrade of the Italian Republic's ratings and/or Outlook • A material reduction in the level of integration with the Italian Republic and/or credit support in the form of the guarantee on postal savings

Figure 2: Rating history



Notes: Long-term issuer rating. Positive/Negative Outlooks are treated with a +/-0.33-notch adjustment. Credit Watch positive/negative with a +/-0.67-notch adjustment.
Source: Scope Ratings.

I. Rating approach and integration with the Italian Republic (BBB+/Stable)

To determine the level of integration of a GRE with its public sponsor, we structure our analysis around four analytical components: i) Legal status, ii) Purpose & activities; iii) Shareholder structure; and iv) Financial interdependencies. Based on this analysis, we adopt either the Top-Down or Bottom-Up approach to assign the ratings. The Top-Down approach takes the public sponsor's rating as the starting point for the assessment, while the Bottom-Up approach starts from the GREs' stand-alone credit fundamentals.

The BBB+ rating is underpinned by the strong integration of CDP with the Italian Republic, which underpins our adoption of the 'Top-down' approach:

Analytical Component	Score	Rationale
Legal status (40%)	Medium (50)	Although CDP is incorporated as a Joint Stock Company, it is under direct public influence, and most of its activities are in the public interest.
Purpose and activities (20%)	High (100)	CDP's mission is to foster Italy's economic development, through the promotion of economic, social and environmental sustainability. Since 2015, it acts as the Italian national promotional institution. Its main goal is to channel postal savings towards public infrastructure as well as Italian government and public administration financing. It is also a 'strategic investor' in Italian enterprises.
Shareholder structure (20%)	High (100)	The majority shareholder is the Ministry of Economy and Finance, with 82.8% ownership. However, the lack of full ownership by the State prevents the automatic transfer of liabilities. Banking foundations and other public or private counterparties can jointly own only a minority share of capital.
Financial interdependencies (20%)	High (100)	CDP receives support from the State in the form of an explicit guarantee on postal savings, which represent the majority of liabilities and fund the 'separate account', including a current account with the Treasury. In addition, CDP plays a critical role in supporting the government's stable funding profile.
Rating Approach		**Top-Down**

II. Qualitative Scorecard 2: Indicative notching relative to Italy

We apply the Top-Down approach which takes the public sponsor's rating as the starting point and then negatively adjusts it by up to three notches. The extent of the downward notching is based on the assessment of two pillars: i) Control and regular support and ii) Likelihood of exceptional support. Each pillar comprises three analytical components which are assessed as 'High' (score of 100), 'Medium' (50) or 'Limited' (1). Qualitative assessment guidance tables, which provide an overview of the rationales that underpin each assessment for each analytical component, are presented in the following sections.

The QS2 analysis suggests a downward adjustment of 0–1 notches from the sovereign rating. Scope has chosen to align the rating with sponsor's, reflecting the fact that the vast majority of the CDP's assets are linked, either directly or indirectly, to Italian sovereign risk, in addition to all the considerations already included in the QS2 analysis.

	Assessment	Analytical component	Score	Rationale
Control and regular support	Medium	Strategic and operational decision-making	Medium (50)	CDP's by-laws can be amended by a resolution of the board (extraordinary shareholder meeting), subject to the approval of at least 85% of the share capital; this allows banking foundations to block any measure requiring a qualified majority. The scope of CDP's activities was initially defined at the time of its creation in 1850 and was subsequently modified and extended by laws relating to its reorganisation. Strategy is set by management within the limits of by-laws and, operationally, management is independent within the by-law's limits.
		Key personnel, governing & oversight bodies	High (100)	The Ministry of Economy and Finance elects seven out of eleven board members. For the management of postal savings (separate account), the board of directors is assisted by the Director-General of the Treasury, the Accountant General of the State, and three representatives of the regions, provinces and municipalities. A magistrate of the Court of Auditors attends the board meetings. In addition, CDP's separate account activity is supervised by a Parliamentary Supervisory Committee. CDP is also supervised by the Court of Auditors. The Italian government indirectly controls appointments in the CDP group's subsidiaries.
		Evidence of financial support	Medium (50)	Most funding is provided by state guaranteed postal savings. Holdings in strategic national companies are a source of dividend income for CDP. However, no direct transfers or credit lines are provided by the state.
Likelihood of exceptional support	High	Strategic importance	High (100)	The group is of systemic importance for the Italian economy, public administration, and treasury liquidity management.
		Substitution difficulty	High (100)	There is currently no alternative to CDP to achieve the same objectives. Any transfer of activities from CDP's perimeter would likely be to the public sponsor itself.
		Default implications	High (100)	Given the guarantee on postal savings which in turn funds the treasury account, the impact of a default on the sponsor would be material, both financially and in terms of social and reputational impact.
Indicative Notching			**0**	

Equalisation factor

The lack of an explicit statutory guarantee on its debt programmes means that the condition for automatically equalising CDP's rating with the Italian sovereign rating is not met. Consequently, the continuous monitoring of the likelihood of ordinary and extraordinary support from the sovereign is warranted.

III. Supplementary analysis

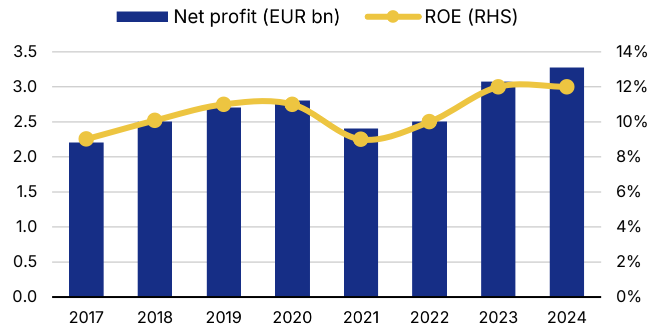
Cassa Depositi e Prestiti (CDP) maintains strong financial health despite not pursuing a profit-maximising strategy. The group's performance has exceeded for years that of many Italian and European commercial banks, supported by three key factors: privileged access to stable, low-cost postal savings; minimal credit risk; and steady dividend income from equity stakes in strategic national companies. The recent rise in interest rates has further enhanced margins, with asset repricing outpacing funding costs.

CDP's asset base is low-risk, with more than 70% tied to Italian sovereign exposure. Non-performing loans are negligible, and the securities portfolio, held mainly at amortised cost, consists almost entirely of government bonds used to hedge interest rate volatility. Equity participations, while limited in size, contribute to revenue diversification through consistent dividend flows, which is particularly valuable during periods of low interest rates.

While CDP is not subject to EU banking capital requirements it maintains a stable equity buffer of 11–12% of total assets (net of cash). Its primary funding source are postal savings, which are state-guaranteed, highly stable, and low-cost. A new agreement with Poste Italiane (2024–26) aims to expand services and improve operational efficiency. To diversify funding, CDP issues wholesale debt (EUR 18.7bn outstanding) mainly via its Debt Issuance Programme, complemented by commercial papers and limited ECB and treasury-related funding. Despite the lack of an explicit guarantee on these bonds, CDP's systemic importance suggests strong implicit state support in adverse scenarios.

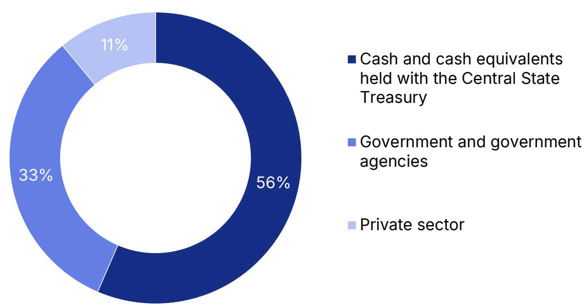
IV. Selected charts

Figure 3: CDP's net profit and ROE developments



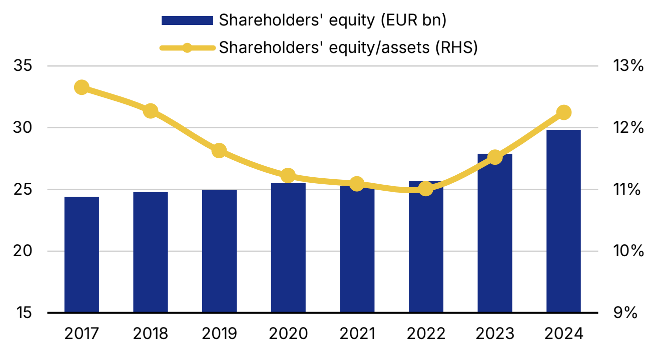
Sources: CDP, Scope Ratings

Figure 4: CDP – customer loan breakdown, YE 2024



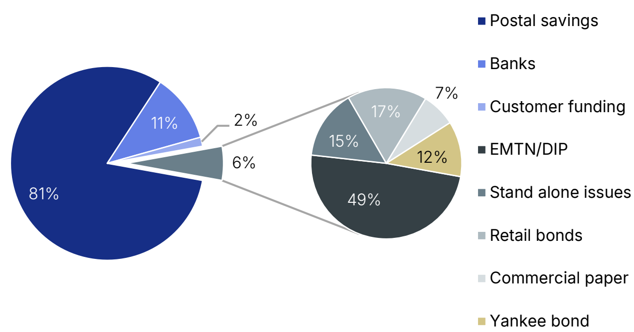
Sources: CDP, Scope Ratings

Figure 5: CDP's equity as a percentage of total assets (net of cash)



Sources: CDP, Scope Ratings
Note: assets net of cash and cash equivalents

Figure 6: CDP's breakdown of funding as of YE 2024



Sources: CDP, Scope Ratings

V. Selected financial information – CDP (consolidated group)

	2020	2021	2022	2023	2024
Balance sheet summary (EUR m)					
Assets					
Cash and interbank assets	48,553	45,013	29,710	28,858	38,045
Total securities	20,639	20,282	17,010	16,132	13,921
of which, derivatives	3,192	1,634	1,965	608	-349
Net loans to customers	356,110	321,673	325,535	323,261	313,329
Other assets	87,103	130,126	105,472	106,678	112,729
Total assets	**512,405**	**517,094**	**477,727**	**474,928**	**478,025**
Liabilities					
Interbank liabilities	62,303	49,726	50,398	49,195	41,912
Senior debt	42,851	44,031	38,856	40,045	45,672
Derivatives	4,962	3,281	1,699	2,260	2,227
Deposits from customers	311,418	321,735	317,011	313,480	310,863
Subordinated debt	532	0	0	0	0
Other liabilities	56,643	62,879	30,396	28,161	29,597
Total liabilities	**478,709**	**481,652**	**438,360**	**433,141**	**430,271**
Ordinary equity	20,436	21,163	23,398	25,693	29,206
Equity hybrids	0	0	0	0	0
Minority interests	13,260	14,279	15,968	16,094	18,548
Total liabilities and equity	**512,405**	**517,094**	**477,727**	**474,928**	**478,025**
Core tier 1/ common equity tier 1 capital	*NA*	*NA*	*NA*	*NA*	*NA*
Income statement summary (EUR m)					
Net interest income	2,876	2,583	2,306	3,245	3,467
Net fee & commission income	-1,004	-950	-760	-788	-1,029
Net trading income	533	578	128	-66	-258
Other income	15,145	18,472	18,181	19,612	21,473
Operating income	**17,549**	**20,682**	**19,855**	**22,003**	**23,653**
Operating expenses	12,483	14,371	15,392	16,610	15,847
Pre-provision income	**5,066**	**6,311**	**4,463**	**5,394**	**7,806**
Credit and other financial impairments	254	41	-36	-41	23
Other impairments	2,119	-1,574	-3,628	-1,204	-31
Non-recurring income	0	0	0	0	0
Non-recurring expense	0	0	0	0	0
Pre-tax profit	**2,693**	**7,845**	**8,126**	**6,639**	**7,814**
Income from discontinued operations	-38	-1,170	-1	0	0
Income tax expense	1,490	1,351	1,297	1,612	1,858
Other after-tax Items	0	0	0	0	0
Net profit attributable to minority interests	1,533	2,344	1,385	1,720	2,151
Net profit attributable to parent	**-369**	**2,980**	**5,443**	**3,307**	**3,805**

Source: SNL, Scope ratings

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Applied methodologies

Government Related Entities Rating Methodology, December 2024

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