

Financing education and learning – considerations from practitioners

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 #ficompass





*ISP's social
commitment
and education*

October 19th, 2022

Intesa Sanpaolo has a large social commitment, visible in results ...



Startup financing, S-loans, circular ec.y, green bonds & mortgages ...

Child poverty

Youths' + financial education & training

Education perimeter

2021 Results

... and delivering tangible results for society

<p>In 2021, evaluated ~780 startups (~3,420 since 2018) in 7 acceleration programs, with 209 coached startups (~600 since 2018), introducing them to selected investors and ecosystem players (~6,150 to date)</p> <p>Circular Economy credit plafond: ~€7.7bn disbursed since inception (~€5.5bn in 2021)</p> <p>In October 2021, ISP launched Digital Loans (D-Loans) aimed at improving the digitalisation of companies: €1.1m disbursed since the launch</p> <p>Green Bond issued in March 2021 for €1.25bn focused on green mortgages granted for the construction or purchase of energy efficient properties (energy classification A and B); the orderbook exceeded €3.5bn</p> <p>Three other Green Bonds issued in 2019 and 2017 for a total amount of €1.75bn (€750m Circular, €500m renewables and energy efficiency and €500m renewable energy sectors by UBI)</p> <p>In July 2020, ISP allocated a €2bn plafond for S-Loans (~€1.3bn granted since launch, of which ~€1.2bn in 2021) dedicated to SMEs to finance projects aimed at improving their sustainability profile</p> <p>In April 2021, the product offer was expanded with S-Loan Diversity, in July 2021 with S-Loan Climate Change and in November 2021 with S-Loan Agribusiness and S-Loan Tourism. All S-Loans have a reduced interest rate, subject to annual monitoring of 2 ESG KPIs that must be reported in the borrower's annual report. The S-Loans and Circular Economy loans may be eligible for the SACE Green agreement</p> <p>Initiatives to reduce child poverty and support people in need well ahead of Business Plan target, delivering since 2018:</p> <ul style="list-style-type: none"> ~24.8 million meals ~1.5 million dormitory beds ~296,250 medicine prescriptions ~249,200 articles of clothing <p>ISP's "Giovani e Lavoro" Program, in partnership with Generation Italy, aimed at training and introducing 5,000 young people to the Italian labour market:</p> <ul style="list-style-type: none"> ~9,000 young people (aged 18-29) applied to the Program in 2021 (more than 24,000 since 2019). More than 1,600 students interviewed and ~750 students trained in training through 29 courses in 2021 (more than 5,200 students interviewed and more than 2,200 students trained in training since 2019). More than 2,000 companies involved since the beginning of the Program <p>ISP is the Main Sponsor of Generation4Universities, developed by Generation Italy and McKinsey & Co, aimed at facilitating talented senior-year university students - facing difficulty in living up to their potential due to external factors - to start a successful professional career.</p> <p>The Program, which ended in July, involved 70 students from 31 universities and 18 top-tier Italian corporations as potential employers</p> <p>P-Tech initiative, in partnership with IBM, aimed at training young professionals in new digital skills:</p> <ul style="list-style-type: none"> 3 webinars a year for all participants, a 3-day workshop for those interested in finance and mentoring activities with 20 ISP mentors for 40 young professionals 	<p>Ecobonus: ISP ready to buy tax credits to support families, condominiums and businesses through modular and flexible financial solutions benefitting from the provisions of the "Decreto Rilancio" which raise the deduction to 110% for expenses related to energy efficiency and measures to reduce seismic risk</p> <p>Donated €100m to strengthen the National Health System through the Civil Protection Department across Italy, and in particular in the most affected areas of Bergamo and Brescia. 16 hospitals and 3 COVID-19 Emergency Centres have benefitted from the donation with the creation of 36 new hospital wards and 500 hospital beds mainly in Intensive and Sub-Intensive Care Units</p> <p>€10m to support families in financial and social difficulty due to the COVID-19 crisis, of which €5m donated to <i>Ricominciamo Insieme</i> project of the Diocese of Bergamo and €5m donated to the Diocese of Brescia</p> <p>€6m in donations coming from the CEO (€1m) and top management's 2019 variable compensation, to strengthen healthcare initiatives, with additional voluntary donations coming from ISP People and Board</p> <p>€3.5m donated through ForFunding – the ISP crowdfunding platform – to support Civil Protection Department COVID-19 initiatives</p> <p>€1m allocated from the ISP Charity Fund to boost COVID-19 scientific research</p> <p>€600k intervention by the Fondazione Intesa Sanpaolo Onlus to support entities that have guaranteed primary services and direct assistance to vulnerable individuals</p> <p>€350k donated to ANA⁽¹⁾ to accelerate the construction of a field hospital in Bergamo</p> <p>€200k to NGO WellGiving in Slovakia, to support hospitals during the COVID-19 emergency</p> <p>€115bn⁽²⁾ suspension of existing mortgage and loan instalments for families and companies (1st in Italy to launch the initiative before the regulation came into force)</p> <p>€50bn in credit made available to support companies and professionals aimed at protecting jobs and managing payments during the emergency</p> <p>€32bn⁽³⁾ in loans with a State guarantee</p> <p>€10bn in new credit facilities to boost ~2,500 Italian industrial supplier value chains through enhancement of the <i>Sviluppo Filiera</i> Program</p> <p>€11bn⁽³⁾ in loans with a guarantee from SACE (1st in Italy to sign the collaboration protocol with SACE, providing immediate support to large corporates and SMEs under Liquidity Decree)</p> <p>€80m <i>Programma Rinascimento</i>, including impact loans to micro-enterprises and start-ups, for the recovery and to re-shape their business models for the post COVID-19 era, leveraging on growth and innovation projects, boosting economic growth and social and territorial cohesion. Launched in Bergamo (€30m, in partnership with the Municipality) and in Florence (€50m, in partnership with CR Firenze Foundation)</p> <p><i>Gallerie d'Italia</i>: 14 new exhibitions opened in 2021. In Q4: "The Grand Tour" at GdI-Milan, in partnership with Hermitage Museum-St. Petersburg and Museo Archeologico Nazionale-Naples, accompanied by an innovative digital experience; "How we will be" at GdI-Vicenza, a selection of photos from the ISP Pubblica Archive; two paintings by Cima da Conegliano, "Illustrious guests" at the Turin Skyscraper from <i>Petit Palais</i>-Paris and <i>Pinacoteca Nazionale</i>-Bologna. The construction sites of the new GdI in Turin and Naples have advanced considerably</p> <p>Museum for all: among the initiatives dedicated to social inclusion, opening of the educational-exhibition project "Clay: Stones of Vases" set up at GdI-Vicenza, in collaboration with <i>Università degli Studi</i>-Padua, equipped with audio, video and tactile supports to be widely accessible</p> <p>In 2021, 166 artworks from owned collections participated in 44 temporary exhibitions in national and international museums</p> <p>Important partnerships with public and private entities: Artissima-International Contemporary Art Fair in Turin with enhancement of masterpieces from the ISP collections; International Book Fair, Turin; Municipality of Milan, support for the traditional Christmas exhibition in Palazzo Marino "The Renaissance in Bergamo and Brescia"</p>
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(1) Associazione Nazionale Alpinisti
(2) Suspensions granted until 31.12.21 (flows), including renewals, including UBI Banca and considering the disposal of branches (see 1H)
(3) As of 31.12.21, including UBI Banca and considering the disposal of branches (see 1H)

Fund for impact initiatives³

Donations (incl. Covid relief), credit plafonds and enhancements, ...

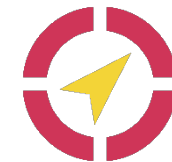
Culture

INTESA SANPAOLO





... and in the 2022-25 Business Plan (1/2)



The Impact ESG pillar:

1. Unparalleled support to address social needs



2. Strong focus on financial inclusion

3. Continuous commitment to culture

4. Promoting innovation

5. Accelerating on commitment to Net-Zero

6. Supporting clients through the ESG/climate transition

Significant ESG commitment, with a world-class position in Social Impact and strong focus on climate

1 Unparalleled support to address social needs

Supporting people in need



Expanding food and shelter program for people in need distributing:

- Meals
- Bed places
- Medicines
- Clothes

Food and shelter program interventions
of interventions⁽¹⁾, m

~50

2022-2025

Fostering youth education and employability



- Launch of employability programs for more than 3,000 young people (e.g. *Giovani e Lavoro* and *Generation4Universities*) and involvement of more than 4,000 schools and universities in inclusive education programs (e.g. *WeBecome* project)
- Promoting social housing for youth in Italy (e.g. students, young workers)

Social housing units for youth
#

3,000-4,000

2022-2025

Assisting senior population



- Creating ~30 senior community hubs to provide, at the local level, social and leisure activities and dedicated health and social assistance services
- Promoting senior social housing development in Italy (e.g. seniors with low income, living alone)

Social housing units for seniors
#

3,000-4,000

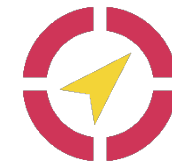
2022-2025

One of the largest social housing programs in Italy

~€500m total contribution⁽²⁾ to address social needs

2022-25 Business Plan, cont'd (2/2)

The ESG commitment is integrated with a world-class position in Social Impact



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2 Strong focus on financial inclusion through social lending

Initiatives

Lending to third sector

- Lending and dedicated services for non-profit organisations to promote territorial initiatives that benefit communities and the environment

Fund for Impact

- Direct support to individuals unable to access credit through traditional financial channels, with dedicated programs such as:
 - MAMMA@WORK: a highly-subsidised loan to balance motherhood and work in their children's early years of life
 - "Per Merito": the first line of credit without collateral dedicated to university students
 - XME StudioStation: loans to families to assist with distance learning

Lending for urban regeneration

- Dedicated program for urban regeneration:
 - Investments in hospitals, smart mobility, broadband networks and education
 - Service and sustainable infrastructure

Lending to vulnerable and underserved individuals

- Direct support to vulnerable and underserved individuals (e.g. loans to young couples, single-parent families, young people)
- Support to families affected by natural disasters through subsidised loans
- Partnerships to provide micro-credit to individuals or small companies in difficulty

Social lending

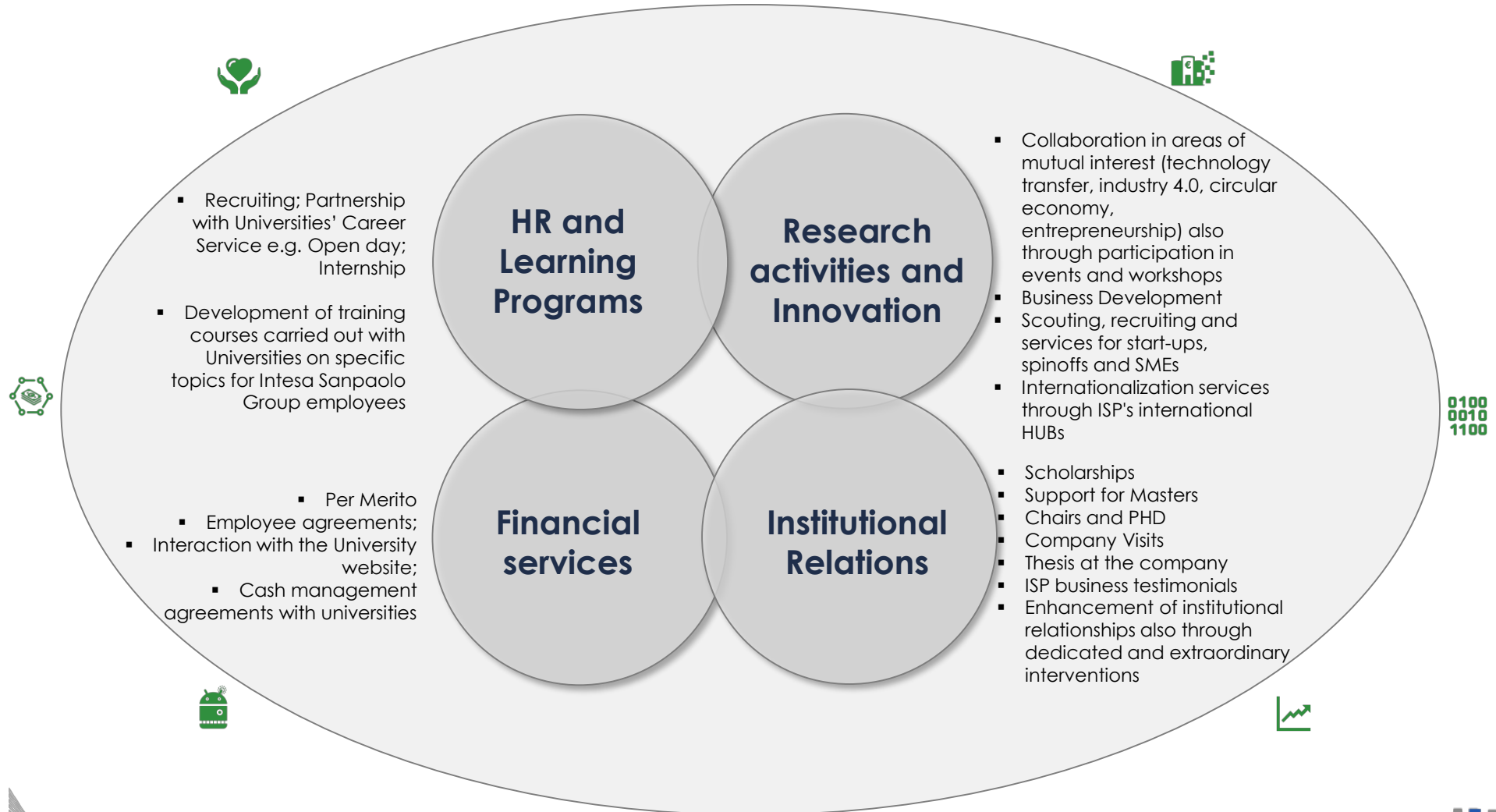
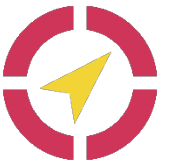
Cumulative flows, € bn

25

2022-2025

Collaboration between ISP and universities

The reference framework





«Giovani e Lavoro» (Youth and Work) Programme



Target and characteristics

- Launched in 2019, in partnership with Generation Italy⁽¹⁾
- Focused on 18-29yo
- Engage our corporate clients
- Give the opportunity to meet companies interested in the trained profiles

The initiative focuses on **short experience-based training courses** (3-14 weeks) within **specific professional sectors** identified as those **most in need** within the job market. The aim is to **mitigate** the **mismatch phenomena** between **young people**, who suffer **youth unemployment**, and **corporates seeking entry level profile**


~1 out of 10
Admission
rate

No entering
educational
standard required,
but **hard selection**
process looking for
strong dedication
and **attitude**



5
Courses


- Sales assistant in the Retail sector
- Staff for the Hospitality, Food & Beverage sector
- Operator of computerized numerical control (CNC)
- Java developer
- Salesforce developer

Way of Working:

Since 2019⁽²⁾


+27k
Applications



~5.7k
Students
interviewed


+2.3k
Students
trained/in
training


+2.1k
Corporate
clients
involved

Impact:

Since 2019⁽²⁾


+80%
Employment rate⁽³⁾


+11
Regions involved
with youth
unemployment rate



Vera,
student ⁽³⁾

In addition to
the skills one
learns, it is a
personal
training course

The initiative selects
and trains young
people who
demonstrate high
motivation and
preparation



Marina Irace,
HR Director,
Almagia⁽³⁾



(1) Generation is a no profit foundation established by McKinsey & Company; (2) Data updated to 31 March 2022; (3) The value is related to the classes with completed placements; (3) Podcast: Giovani e Lavoro, available at: <https://group.intesasanpaolo.com/it/sezione-editoriale/intesa-sanpaolo-on-air/careers/2021/podcast-giovani-e-lavoro-fabiana-andreani>



Fund for Impact and credit for education

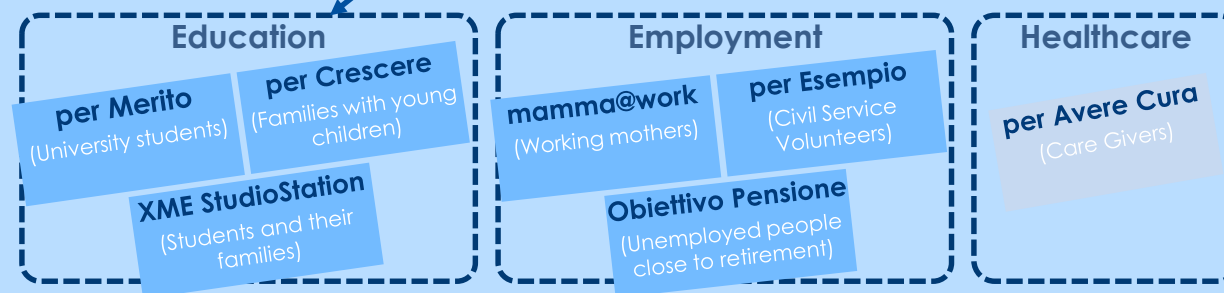
Herein falls
StudioSì *



Target and characteristics

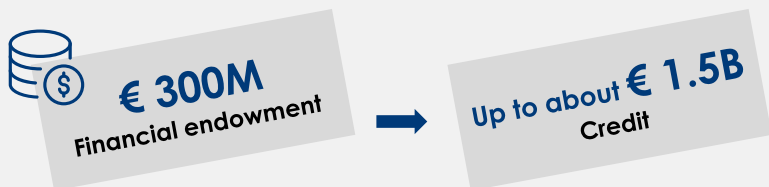
- An ecosystem of Impact initiatives for reducing social gaps and creating a concrete and measurable social impact
- It addresses the needs of “Early excluded”, people who have difficulties in accessing credit

The Impact Bank's **commitment** focuses on **filling** the **existing gaps** among those **people** that have been excluded so far, by creating more **accessible credit solutions**, with the goal of helping them in **fulfilling** their **life needs** and **self-realization**, while indirectly **supporting growth** and **social cohesion** in Italy



Way of Working:

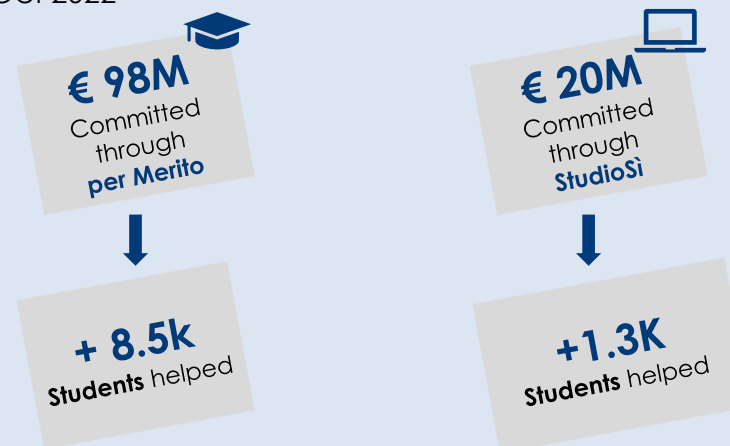
FUND FOR IMPACT: A CREDIT PLAFOND GENERATOR



Intesa Sanpaolo's **financing products** leveraging the **Fund for Impact** do not **request** any **warranty** to **Customers**

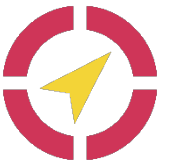
Financing effort:

As of Oct 2022



Per Merito and StudioSì

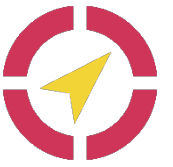
1 of 2: a short comparison



Per Merito	Target	Studio Sì
Post-high-school Italian students (incl. 3y courses, technical/vocational, ...)		Students in Southern Italian universities
Amount lent		
€3-5K p.a. but up to 50K for PhDs		Various, maximum limits 5K to 50K <i>De facto</i> , limits may not be reached
Interest rate		
Fixed, revised periodically, currently 1.5% initially, 4% in restitution phase		Zero
Other conditions		
Grace period : 2 years		Grace period : 6 months

Per Merito and StudioSì

2 of 2 : discussion



- No competition, student's choice
 - Per Merito, like all loans bearing on the Fund for Impact, is not specifically designed to be profitable
 - So when the student could access both, we present them factually – i.e. not hiding the zero cost of StudioSì – and let the student choose
- Sometimes the student chooses Per Merito even though he/she pays interest
 - Bigger amount, longer grace period can help
- In the end outstanding lending is currently (Oct 13, 2022)
 - €98m for Per Merito (8.4K students) countrywide
 - €20m (1.3K students) for StudioSì



Role of European funds

- ISP is already a recognised FI under InvestEU
 - Guarantees term sheets signed :
 - Sustainability
 - Innovation and digitalisation
 - Generally in uncapped guarantee programmes; some difficulties in capped guarantee programmes are mostly due to operational issues and lesser RWA relief
- ... and takes other EIB and Italian funding schemes
- Somewhat less so in education and lifelong learning
 - As explained StudioSì is a good exception not competing with our own offering
 - Most ISP programmes for education are not loan-based
- General willingness to explore future opportunities
 - There is an effort underway to explore initiatives for lifelong learning



Thank you!

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