



## “per Merito” – Impact Fund Solution

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 #ficompass





# «per Merito»

Impact Fund Solution

11th February 2020

Products and services offered by Intesa Sanpaolo

# The question about impact investing

Intesa Sanpaolo is one of the most solid and profitable banks in Europe and a market leader in Italy (12 million customers). It is recognized as one of the most sustainable banks in the world and the Group believes that **value creation should be interpreted broadly, supporting social purpose and driving the real economy.**

This is based on the conviction that the economic growth of the country, and consequently that of its leading bank, is strongly linked to **reducing inequality and ensuring 'sustainable inclusive development'.**

A large bank leaves its mark every day in the society with its ordinary activity (as an example financing the creation of infrastructures or jobs) however, a bank that leaves an outstanding mark, **must demonstrate above all that it expands the access to credit.** This is its true **perceived impact.**

As part of its **commitment to sustainable growth**, Intesa Sanpaolo has created an **IMPACT FUND** to provide up to €1.25 billion in loans to those parts of society (individuals, family and SME) that find difficulty in accessing credit. From our perspective, IMPACT means expanding the access to credit without compromising its quality, realizing the interests of all stakeholders and shareholders.

# Impact initiatives marks the bank competitive advantage

## Top ranking<sup>(1)</sup> for Sustainability



The **only Italian bank** listed in the Dow Jones Sustainability Indices, in the CDP Climate A List 2019 and the 2020 Corporate Knights “Global 100 Most Sustainable Corporations in the World Index”



**2019 Sustainable Development Award** by ASSOSEF<sup>(2)</sup> for promotion of the Sustainable Development Goals

Bloomberg	CDP	MSCI	ROBECOSAM We are Sustainability investing.	SUSTAINALYTICS
70	A	AAA	100	97
61	A	AAA	100	93
58	A-	AAA	94	93
58	A-	AA	94	89
57	A-	AA	91	87
57	A-	A	90	84
57	A-	A	88	79
56	A-	A	79	75
55	B	A	77	73
55	B	A	74	71
53	B	BBB	71	70
53	B	BBB	63	66
50	B	BBB	61	65
50	C	BBB	60	64
49	C	BBB	51	60
46	C	BBB	51	58
45	C	BBB	46	53
44	C	BBB	38	44

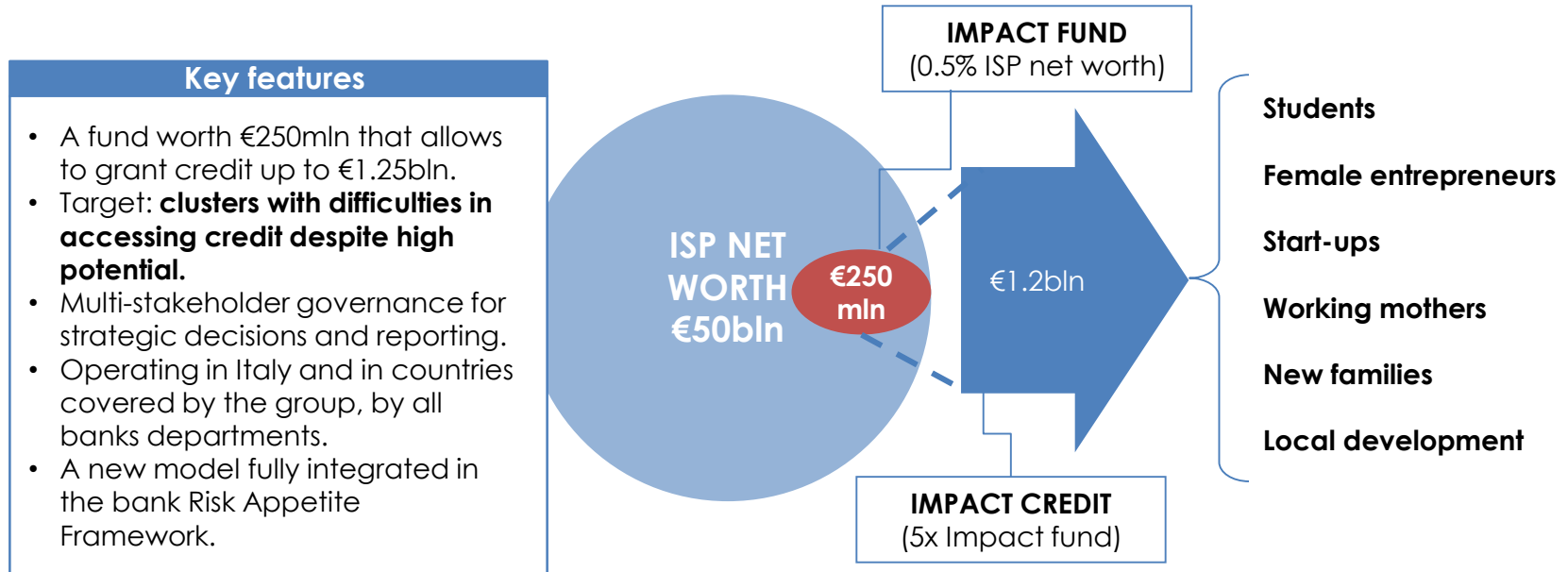
(1)ISP peer group

(2)Associazione Europea Sostenibilità e Servizi Finanziari

# The first Impact Bank worldwide

Since 2007 Intesa Sanpaolo has financed the social economy with a unique leverage-based mechanism that allows to support organization, so called **“first customers”, that are excluded from credit by conventional rating models.**

Under the 2018-21 business plan, the scheme has been scaled up and applied at group level even to individuals and SME.

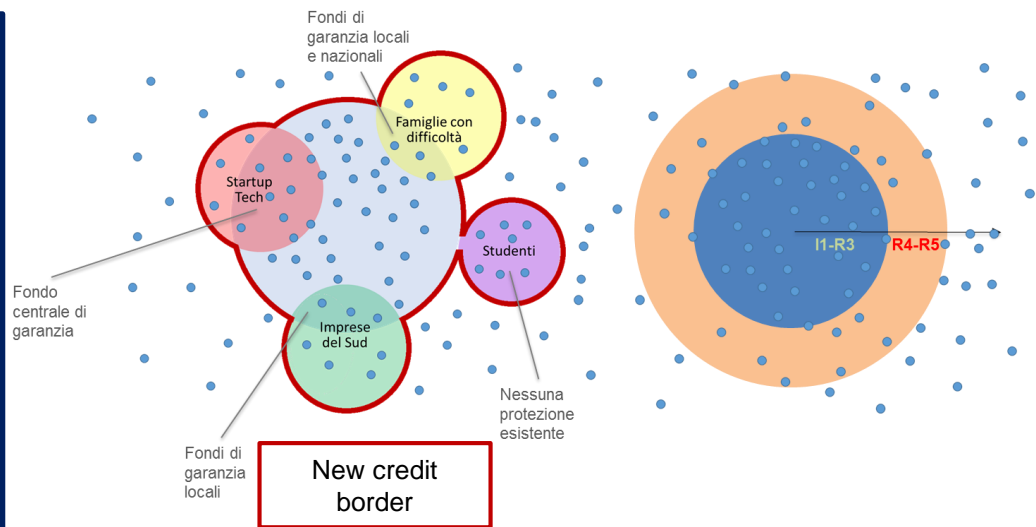


# The experience in impact investing

Over the last 10 years Intesa Sanpaolo has already tested in the “nonprofit sector” the mechanism of a dedicated **fund used as a lever to increase access to credit** with great SUCCESS.

## Fund For Impact

Acts on the **first excluded** of predefined categories (i.e. students, new entrepreneurship, families with difficulties, working mothers, companies in southern Italy, etc.) adding it to existing or new instruments.



## Solidarity and Development Fund

Acts on all the **first excluded** from the same "social" category (i.e. Social Cooperatives, Associations, Foundations, Churches organization, etc.)

# First impact initiative: support university students

Among all the possible targets, university students are the most important and urgent for the country, the most fitting to **our vision of Impact**, the largest in numbers and the one in which Intesa Sanpaolo has more experience to spend.

1. URGENT and CRUCIAL, because Italy lags in respect of Europe on all the parameters of university education (participation, time to graduation, changes in study courses, effectiveness of public support instruments).
2. CONSISTENT with our idea of IMPACT, because students are "first excluded" in the fullest sense: they do not access credit but will form the country's future ruling class.
3. LARGE IN NUMBERS, 270.000 matriculations and a total registered population of 1,6 mln students (+ 5.1% compared to the last two years).
4. EXPERIENCED, because between 2004 and today we granted loans to 15.000 students discovering among other things the very low risk of these loans.

# How big is the Italian gap

Measured on 5 indicators of efficiency, the Italian university system has a very high degree of inefficiency:

	<b>ITALY</b>
Enrolled / High school graduates	46%
University graduates	304.646
Average years of study	7,5 years
Students that change Faculty	15%
Drop-out rate	32%

**In Italy only 26% of young people between 25 and 34 years graduated, against the European average of 39% and the OECD average of 46%.**



# The reference values of supporting university students

Loan to all students of Italian Universities.

*Maximum possible extension  
Not just strong degrees*

No guarantee is required for either the student or the family.

*Constitutional concept of the  
right to study*

Interest rates are low and equal across all universities and all courses, with a long amortization and a two-year grace period.

*Non-market conditions*

We are open to collaborate with all private and public subject (Companies, Representatives, Administrations, EU) that want to contribute to expand the initiative.

*Open innovation  
Broad solutions*

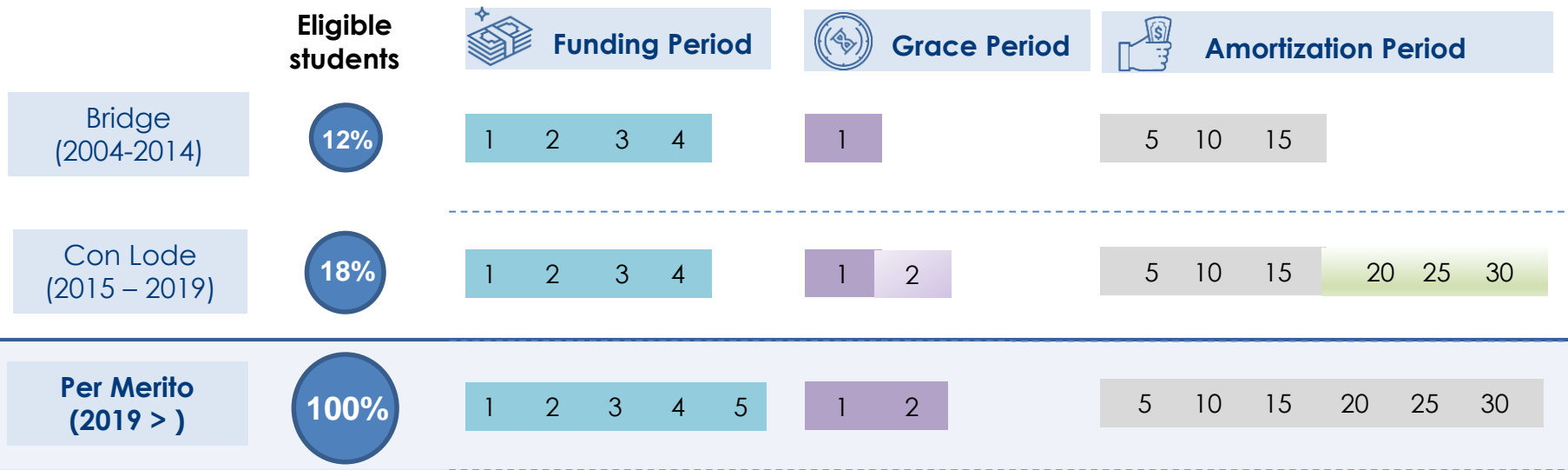
We have extended the support to higher technical instruction and to professional institutes that have a collaborations agreement with the production system.

*Future expansion*

# 15 year student loans program evolution

Almost 15.000 young people have already received a student loan from Intesa Sanpaolo for a total amount of 171 million euros. 28 mln Euro (16%) have been granted only in the last 10 month.

## Increasing flexibility



x

x

Only for selected universities

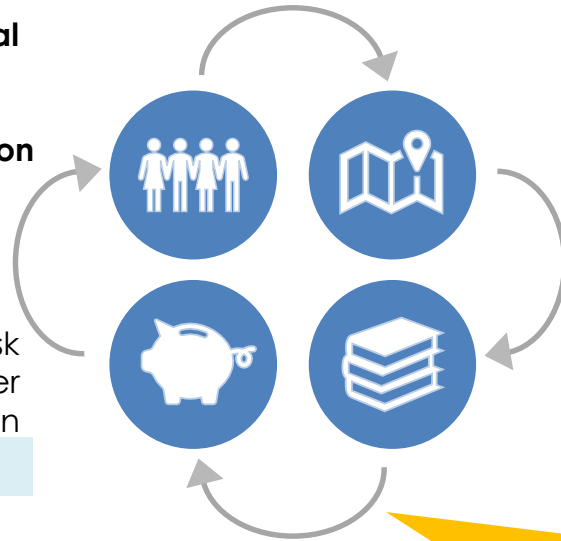
# “per Merito” allows students to invest in their future

Students resident in Italy enrolled at:

- University in Italy or abroad
- AFAM (High Artistic and Musical Education)
- ITS (Higher Technical Institute)
- Other post-secondary education institutions

.. and without having to ask support to parents or other Institution

**Impact Fund support**



.. When they are far from home, with more expenses (accommodation and mobility).

.. attending any course they are interested in; Masters are also included.

**A product with high social inclusion: the interest paid by students goes to feed the Impact Fund in support of other students who will use the new solution**

# 3 Stages Program

Is a financing solution that enhances responsibility and commitment of young students, who are granted access to a credit line that rises if they keep a regular progression in studies.

## ATTENDING STUDIES



Opening of a dedicated free account and granting of a Line of Credit with tranche disbursements for the duration of the course of study. The disbursement of tranches is subject to maintaining a regular pace of study.

## LOOKING FOR A JOB



Bridge period to allow the student to find a job. Up to 24 months from the conclusion of the payment of tranches. The student will no longer receive disbursements and will not have to return anything.

## REIMBURSEMENT



A loan to repay only the amount of credit used. At the end of the "bridge period" the sums used and the accrued interest will have to be repaid through a loan up to 30 years long.

# Benefits for students.



## FLEXIBLE

- The credit line can be used partially, immediately or over time, as needed
- There are no usage constraints: tuition fees, PCs, school supplies, rent for accommodation, etc.
- A bridge period of 2 years from the degree to find a job, ad repayment up to 30 years
- 3 possible suspension of the loan and change of the amortization plan



## CONVENIENT

- Conditions are advantageous: interest rates are applied only to sums used
- The loan has a fixed rate to give certainty in the repayment and early termination is free
- The current account used for the credit line is free



## EASY ACCESS

- No guarantees required
- In order to access the credit line, it is necessary only to comply with the school merit requirements (2/3 of the number of credit defined for each study plan)

# The amount granted

The loan amount consider different needs depending on the type of University and if the student support residence and mobility costs.

	Student		Amount	Disbursement
University in Italy/ AFAM	 Resident	→	1.500 € every 6 month	<b>Semi-annual installments</b> For students of the first year the 1st tranche will be disbursed at the end of the 1st semester (if the requirements are met) for double amount.
	 Non resident	→	2.500 € every 6 month	
Master	 University abroad or Master in Italy	→	Up to € 50.000	<b>Annual or half-yearly</b> (as required by the master).



We also support students who join their ERASMUS program during their studies. The amounts are chosen by the student (max € 2.000 up to the duration of the course) and esbursed in a single solution.

# New requests (2019)

2.972 new requests at 31st December 2019



UNIVERSITIES IN ITALY  
2.252 + 19 Erasmus

162 Universities /AFAM



UNIVERSITIES ABROAD  
545

256 Universities

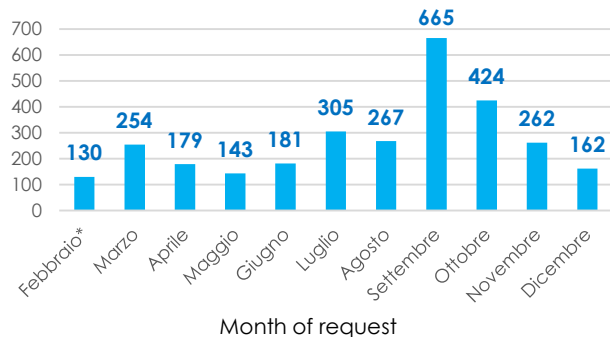


OTHER SCHOOLS  
156

97 school selected

## Month trend

N. Requests



## Requests detail



**Residential** 33%



**Non-residential:** 67%



**Average Age:** 20-30 years

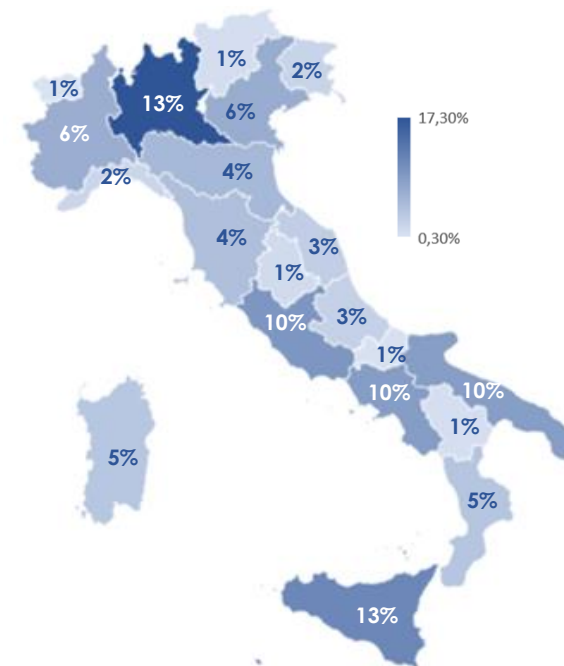


**Gender:** 48% 52%



**1° year course:** 40%

64% from smaller towns



\* «per Merito» launch – 25th february 2019

# What students study and where



Degree courses\* **59%**



Foreign courses\* **20%**



Master **15%**



AFAM/ITS **5%**



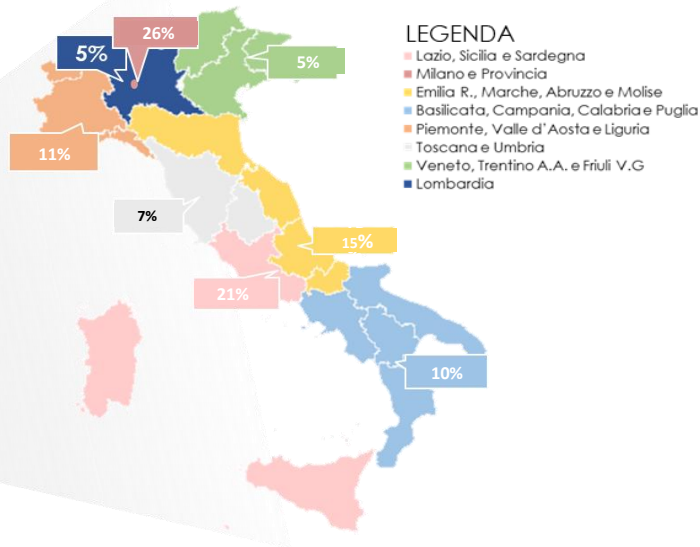
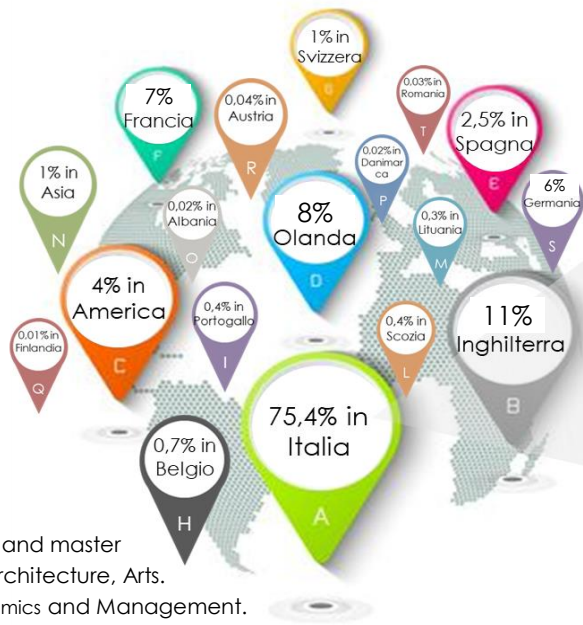
Erasmus **1%**

Arts \*\*  
**28%**

Sciece \*\*\*  
**55%**

Healthcare  
**7%**

Humanistic  
**10%**



## LEGENDA

- Lazio, Sicilia e Sardegna
- Milano e Provincia
- Emilia R., Marche, Abruzzo e Molise
- Basilicata, Campania, Calabria e Puglia
- Piemonte, Valle d'Aosta e Liguria
- Toscana e Umbria
- Veneto, Trentino A.A. e Friuli V.G.
- Lombardia

\* Bachelor's degree and master

\*\* Design, Fashion, Architecture, Arts.

\*\*\* Engineering, Economics and Management.



# EIB – MIUR program

Program for a specific target of students attending some type of study course.

## STUDENTS



Students **residing in the Target Area of Southern Italy** (Regions established by the PON), who wish to attend university and master courses in Italy or in other countries.



Students residing outside the Target Area, but the **location of the university** they wish to attend is in the relevant **PON Regions** of the area itself.

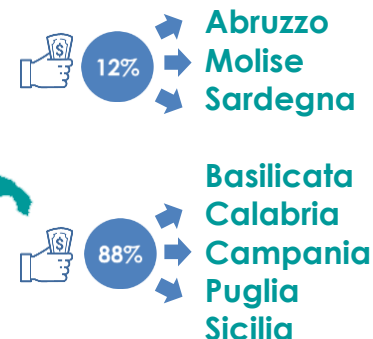


Students enrolled in **master's degree courses / two-year specialization** schools and masters who fall under the SNSI (National Intelligent Specialization Strategy) in Italy or abroad.

## PON REGIONS

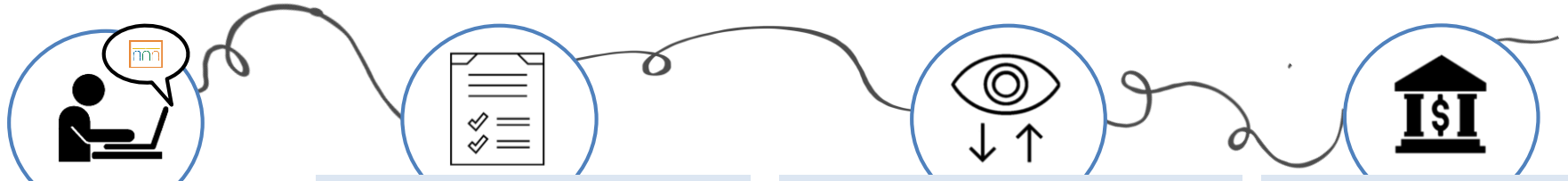


Budget allocation:



Intesa Sanpaolo is one of the banks in the final round of selection to act as manager of the program.

# The request process



## REGISTRY

Student accesses the Intesa Sanpaolo website for:

- obtain **information** on the "per Merito-MIUR" offer;
- **register to verify** the requirements to access to the "for Merit-MIUR" offer.

## QUESTIONNAIRE

Student completes the questionnaire which collects all the data necessary for the request.

Among these, the student will select "BY MERIT-MIUR", indicating in the appropriate fields the **University** or Institute in which he enrolled and for which he is requesting access to the loan.

He will then select **the amount that he needs**: university cost + personal needs.

## REQUIREMENT CERTIFICATION

Once the registration request is complete the bank verify the requirements (MIUR target requirements + Bank merit requirements).

**The student receives an email on the outcome of the verification.**

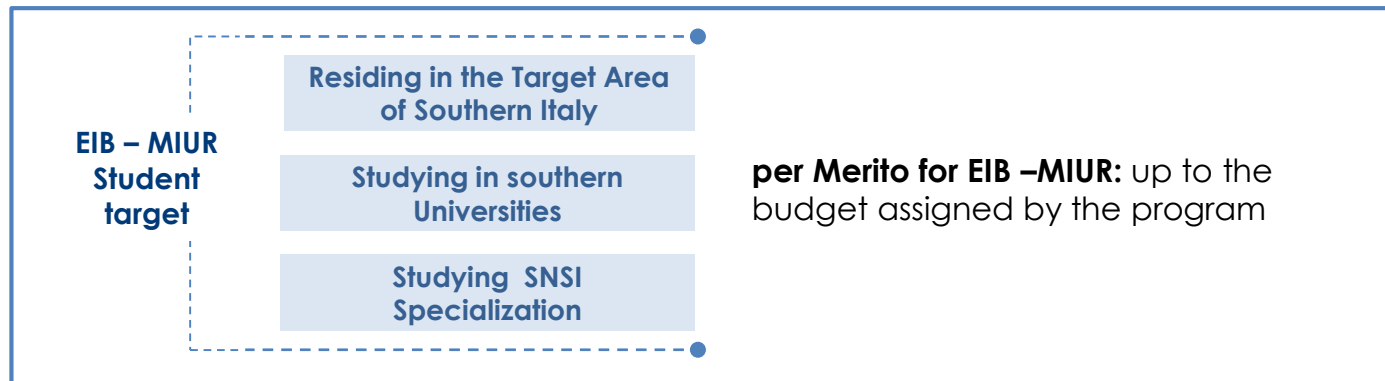
For the requirements certification phase, the Bank will be assisted by a Third Certification Body delegated from the student to proceed with the verification activities.

## LOAN ACTIVATION

The Loan request code is highlighted in the email confirming possession of the requirements

The student goes to any branches to activate the loan. He has 90 days to finalize the request, obtaining the first tranche

# Solution for all the student



**Other students**

**per Merito:** for all students attending italian univesities



financial instruments revolving capacity building  
 added value **ERDF** funding agreement **ESF** EU guidance  
 technical support seminars leverage financial intermediaries ex-ante assessment  
 co-financing case studies  
 investments **ESIF** fi-compass final recipients  
 business plan **Thank you** thematic objectives  
 advisory services guarantees banks loans **CF** equity  
 private investors life cycle combination of support  
**EAFRD** conferences factsheets  
 fund of funds **EMFF** investment strategy  
 managing authorities manuals