



EUROPEAN UNION



# AGRI Multi-Regional Guarantee Platform for Italy - Regione Piemonte -

## Progress Report as at 31/12/2018



REGIONE  
PIEMONTE



The European Agricultural Fund  
for Rural Development: Europe  
investing in rural areas

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## 1. Mandate overview

<b>Name of Regional Fund-of-Funds</b>	ESIF - EAFRD - ITAgri Platform -Piemonte (AGR07)
<b>Name of Entrusted Entities</b>	EIF
<b>Region Contribution</b>	EUR 5,000,000
out of which EAFRD	EUR 2,156,000
out of which, national co-financing	EUR 2,844,000
<b>Funding Agreement Signature Date</b>	05/02/2018
<b>Currency</b>	EUR
<b>Commitment Period</b>	From 05/02/2018 to 31/12/2023
<b>Termination Date</b>	31/12/2037
<b>Type of Financial Instrument</b>	Uncapped Guarantee

<b>Full Name of the Rural Development Programme</b>	Rural Development Programme of the Region Piemonte (CCI: 2014IT06RDRP009)
<b>Priority (Focus Area)</b>	<p>P2: Enhancing farm viability and competitiveness of all types of agriculture in all regions and promoting innovative farm technologies and the sustainable management of forest / FA 2A Improving the economic performance of all farms and facilitating farm restructuring and modernization, notably with a view to increasing market participation and orientation as well as agricultural diversification;</p> <p>P3: Promoting food chain organisation, including processing and marketing of agricultural products, animal welfare and risk management in agriculture - FA 3A Improving competitiveness of primary producers by better integrating them into the agri-food chain;</p>
<b>Sub-measures supported by the Financial Instrument</b>	<p>4.1 Support for investments in agricultural holdings</p> <p>4.2 Support for investments in processing/marketing of agricultural products</p>

## 1.1 Overview as of 31 December 2018

		Total cumulative as at 31/12/2018	
		EUR	% of Region Contribution Committed
MS Contribution	Region Contribution Committed	5,000,000	
	out of which EAFRD	2,156,000	
	out of which, national co-financing	2,844,000	
	EIF Contribution Committed in IT Agri Piemonte	4,500,000	
	Region Contribution Paid	1,250,000	25%
	out of which EAFRD	539,000	
	out of which, national co-financing	711,000	
	Management Fees paid	-	-
	Proceeds of Operations	-	
Operations and Financial Intermediaries	Disbursements to Financial Intermediaries	-	
Final Recipients	Disbursements to Final Recipients	-	
Leverge effect	Expected leverage	4.0	
	Achieved leverage	-	

## 2. Background and key milestones and events<sup>1</sup>

With the signature of the Funding Agreement and the relevant Regional Specific Terms Agreement, the Regional FoF was established within the Agri Multi-Regional Guarantee Platform (the “**Platform**”), as an instrument to address the market failure confirmed in the Ex-ante Assessment performed by the Region. As set out in the Investment Strategy and Business Plan, the Regional FoF will be implemented through an uncapped guarantee instrument intended to provide selected financial intermediaries credit risk coverage in relation to a portfolio of newly originated loans to final recipients eligible to receive the support under the Platform.

### 2.1 Progress on implementation of the Platform

#### **Selection of the Financial Intermediaries - Call for Expression of Interest and Operational Agreements**

In January 2018, EIF launched on its website the CEOI to select the Financial Intermediaries (“FIs”), in accordance with the approval of the Investment Board held in Rome on 4 December 2017. Under CEOI, the Region Contribution Committed (less any expected Management Fees), was made available by the European Investment Fund (EIF) together with the resources made available by the EIF, possibly with the contribution of the European Investment Bank (EIB) and Cassa Depositi e Prestiti SpA (CDP).

Within the initial CEOI deadline of 15 October 2018, EIF received five formal expressions of interest from the following applicants: Credito Emiliano SpA, ICCREA Banca d’Impresa, Credito Valtellinese SCpA, Banca Popolare Pugliese SCpA and Banca Popolare di Puglia e Basilicata SCpA.

According to the decision taken by the Investment Board on 12 June 2018, the CEOI initial deadline was postponed until 31 January 2019. Before the new deadline, EIF received two additional formal expressions of interest from the following applicants: Banca Cambiano SpA, and Monte dei Paschi di Siena SpA.

After the assessment from EIF, all the seven applicants passed the due diligence phase and the relevant expressions of interests were proposed for submission to EIF approval process in accordance with EIF's internal rules and procedures.

Before 31 December 2018, EIF approved the terms of the transactions with Credito Valtellinese and ICCREA Banca d’Impresa and, on 24 December 2018, the first Operational Agreement was signed between EIF and Credito Valtellinese.

#### **Other key information and pipeline**

In the second half of 2018, all the participating Regions paid the First Tranche according to the Funding Agreement. The Investment Board has later addressed the issue of the administrative and on-the-spot checks to be carried out on the Financial Instrument by the Paying Agencies and has delegated the EIF to propose a procedure for such checks which also intended to address the requirement of Funding Agreement concerning the representation of the Managing

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<sup>1</sup> Capitalised terms that are not defined in this report shall have the same meaning set forth in the Funding Agreement.

Authorities about the commitment by the Paying Agencies towards the implement of the payment procedures provided for in the Funding Agreement.

By the date of submission of the present report, EIF has approved all the terms of the transactions with all the other five applicants and the following Operational Agreement were signed between EIF and the relevant Financial Intermediaries:

- Credem: approved on 4 February 2019 and signed on 1 March 2019;
- Banca Cambiano: approved on 31 January 2019 and signed on 11 March 2019;
- Banca Popolare Pugliese: approved on 5 March 2019 and signed on 11 March 2019;
- Banca Popolare di Puglia e Basilicata: approved on 27 March 2019 and signed on 8 April 2019;
- Monte dei Paschi di Siena: approved on 13 March 2019 and expected to be signed before the end of May 2019.

As a result, all the resources made available by the participating Regions are allocated with the following distribution in each of the participant Regions:

Regional FoF	CREDEM	ICCREA	CREVAL	BPP	BPPB	Cambiano	MPS
Calabria	X	X					X
Campania	X	X		X			
Emilia-Romagna	X	X	X			X	X
Piemonte	X	X	X			X	X
Puglia	X	X		X	X		X
Toscana	X	X	X			X	X
Umbria	X	X	X				
Veneto	X	X	X				X

As discussed in the Investment Board held in March 2019, the Operational Agreements between EIF and each of the bank will reflect commitments to deploy Agreed Portfolio Volumes (APVs) to be guaranteed by the EIF under the Platform that will be increased progressively, up to an higher Maximum Portfolio Volumes (MPVs) as set forth in the same Operational Agreements. The operational and commercial mechanism of APVs and MPVs will be managed contractually by the EIF in order to: (i) always allow for loan portfolio volumes covered according to the contract with the amounts paid by the Managing Authorities which do not exceed the relevant Net Contribution Paid at any relevant point in time, and (ii) incentivize the banks towards a quick deployment of the portfolio volume assigned to them (i.e. through disbursements in favour of eligible final recipients) in order for EIF to increase the relevant APVs (and possibly MPVs) compared with the less performing banks.

### Investment Board meetings

During the reporting period, two Investment Board took place:

- on 12 June 2018, to discuss the following agenda:
  - o information by the EIF on the selection process of financial intermediaries;
  - o information by the EIF on the participation to the Platform of other Regions;
  - o procedures for the payment claim of the First Tranche by the EIF;

- clarifications, also to be asked to the European Commission, on the on-the-spot checks provided for in art. 50 of Reg EC 809/2014;
  - implementation of the Funding Agreement provisions concerning state aid and consequent decisions by the IB;
  - any other business.
- on 19 September 2018, to discuss the following agenda:
  - information by the EIF on the selection process of financial intermediaries and postponement of the deadline for the CEoI;
  - information by the EIF on the participation to the Platform of other Regions and postponement of the deadline to allow additional Regions to join the Platform;
  - information on the payments of the First Tranches by the Regions;
  - information on the clarifications requested to the European Commission on the content of the Annual Implementation Review with respect to the financial instruments;
  - definition of a common procedure for the checks to be carried out for the payment of the Subsequent Tranches;
  - information on the notification to the European Commission of the tool to calculate the Gross Grant Equivalent of the loans supported by the financial instrument
  - any other business.

Reference is to the minutes of each of the above Investment Boards' meeting for any further information on the items discussed and where appropriate resolved upon by the Investment Board.

#### 2.1.1 Audits and irregularities

There has been no audit performed in the reference period.

#### 2.1.4 Publicity

The Platform was illustrated by representative of the EIF in the context of the participation to various events and public fora at national and EU level, including during events organized by the "fi-compass" joint platform between EIB and the European Commission.

In May 2018 a specific event dedicated to financial intermediaries was organized by EIF in Rome, to provide further information on the Platform to banks who had shown potential interest to apply to the CEOI. During such event, EIF presented the software tool (developed by the EIF in cooperation with Banca del Mezzogiorno-Mediocredito Centrale) which EIF has offered to the selected banks (free of charge) in order to ease the management of the interactions with the Italian National Registry for State Aid, since an interaction is required under the Platform for loans, falling under the de minimis regulation, provided for investments under Measure 4.2 when the result of the transformation process of agricultural products supported is a non-Annex I product.

#### 2.1.5 Litigation

EIF is not aware of litigation proceedings initiated during the reporting period.

### 2.1.6 Monitoring activities

No monitoring visits have been carried out by EIF in 2018. However, the EIF staff regularly monitor the activity of the selected Financial Intermediaries ("FIs") in relation to:

- Clarification of eligibility rules;
- Clarification of state aid procedures;
- Desktop monitoring of quarterly inclusions reported by the FIs.

EIF monitoring team perform multiple tests on loan portfolios originated by FIs with respect to various eligibility and risk concentration rules and obtained further information and clarifications from the FIs to validate specific border-line cases identified by the tests.



### 3. Situation of the Fund of Fund

#### 3.1 Key figures of the operational agreements

		Total cumulative as at 31/12/2018
Operations and Financial Intermediaries	Total number of signed Operational Agreements	1
	Total Amount Committed to Financial Intermediaries	750,000

Eligible Final Recipients	Total number of Final Recipients having received financing during the whole programme period (accumulated)	-
	Total number of employees at time of inclusion	-

## 3.2 Guarantee operations

### 3.2.1 Information on Financial Intermediary

Financial Intermediary Portfolio Name	Signature Date	Guarantee Rate	Agreed Portfolio Volume	Signed Commitment	Actual Portfolio Volume	Utilisation of Agreed Portfolio Volume	Disbursement to Final Recipients	Disbursement ratio	Released signed commitment
Credito Valtellinese (CREVAL) - AGRI Italia - Piemonte	24/12/2018	50%	1,500,000	750,000	-	-	-	-	-
<b>Total</b>			<b>1,500,000</b>	<b>750,000</b>	-	-	-	-	-

### 3.2.2 Aggregate Final Recipient portfolio analysis

Portfolio Name	Number of Final Recipients	out of which, individuals	out of which, microenterprises	out of which, SMEs	out of which, Final Recipients bigger than SMEs	Number of loans	Number of employees as at time of inclusion	Average loan maturity in months	Actual Portfolio Volume in EUR	Investment amount in EUR
No transactions with Final Recipients have been included. Hence, there is no data to be reported.										

### 3.2.3 Guarantee Calls / Recoveries

Portfolio name	Cumulative Disbursed Amount	Number of Loans Defaulted	Amount Paid	Amount Recovered	Net Amount Paid
-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

### 3.2.4 Breakdown by Final Recipient Transaction size

Size in '000 EUR	Final Recipients		Final Recipients Loan Amount	
	Nr	%	EUR	%
No transactions with Final Recipients have been included. Hence, there is no data to be reported.				

### 3.2.5 Final Recipient Portfolio Breakdown by Number of Employees

	Final Recipients		Final Recipients Loan Amount	
Size (number of employees at first inclusion)	Nr	%	EUR	%
No transactions with Final Recipients have been included. Hence, there is no data to be reported.				

### 3.2.6 Final Recipient Portfolio Breakdown By Sector (NACE lev.2)

		Final Recipients		Final Recipients Loan Amount	
Sector Code	Description	Nr	%	EUR	%
No transactions with Final Recipients have been included. Hence, there is no data to be reported.					

## 4. Financial Information

In application of the obligations arising from the EC Regulation n ° 1305/2014, the accounting year for the European Agricultural Fund for Rural Development runs from January 1st to December 31st. The financial statements presented herein are unaudited. In accordance with Article 14.2 (b) of the Funding Agreement, audited financial statements as at 31 December 2018 will be submitted to each Region no later than months following the last day of the Reporting Period.

The financial information presented in this section has not been audited to date. The presented figures follow the EU GAAP accounting rules, therefore include accruals, and as a result, might differ from the actual amounts paid out from the FoF's bank account. In addition, all figures are presented as rounded amounts.

### 4.1 Balance sheet - Profit & Loss statements

AGR 07 - REGIONE PIEMONTE			
31/12/2018			
Balance Sheet (EUR)			
ASSETS		LIABILITIES	
	31/12/2018		31/12/2018
Cash at bank			
		Accruals and deferred income	11 507
Cash at bank	1 250 000		
Term deposits	0	Provisions for Liabilities and Charges	0
	1 250 000		
		Capital and reserves	
Prepayments and accrued income		Contribution	1 250 000
		Loss brought forward	0
Interest receivable on term deposits	0	Loss of the financial year	(11 507)
			1 238 493
Total Assets	1 250 000	Total Liabilities	1 250 000

The Profit and Loss ("P&L") table covers the period from the signature of the Funding Agreement to the 31 December 2018.

## AGR 07 - REGIONE PIEMONTE

31/12/2018

### Profit and Loss (EUR)

	31/12/2018
<b>INCOME</b>	
Interest on cash at bank	0
Interest on term deposits	0
Other income	0
<b>TOTAL INCOME</b>	<b>0</b>
<b>CHARGES</b>	
Management fees	( 11 507)
Unforeseen Additional Expenses	0
Provision for guarantee	0
<b>TOTAL CHARGES</b>	<b>( 11 507)</b>
<b>Loss of the financial year</b>	<b>( 11 507)</b>

## 4.2 Treasury report

[illegible]

## 5. Contacts

### Luxembourg office

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6. List of annexes

6.1 List of Final Recipients

Portfolio Name	Final Recipient Name	Fiscal Number	Sub-measure	Signature Date	Region (NUTS lev. 2)	Final Recipient Sector (NACE lev. 4)	Sector of Investment (NACE lev.4)	Agricultural Branch	Contract Currency	Loan Amount Committed	Loan Amount Disbursed	Maturity (months)	GGE amount	Purpose of the loan	Investment Amount EUR	Size of the Final Recipient
No transactions with Final Recipients have been included. Hence, there is no data to be reported.																