



EUROPEAN UNION



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

Progress Report as at 31/12/2019



REGIONE
PIEMONTE



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

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1. Mandate overview

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

Full Name of Operational Programme	Rural Development Programme of the Region Piemonte (CCI: 2014IT06RDRP009)
Priority (Focus Area)	<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>
Sub-measures supported by the Financial Instrument	<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 2019

		Total cumulative as at 31/12/2019	
		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	
	Region Contribution Paid	1,250,000	25.0%
	out of which EAFRD	539,000	
	out of which, national co-financing	711,000	
	EIF Contribution in IT Agri	4,500,000	
	Management Fees paid	17,018	0.3%
	out of which base fees	17,018	
	out of which performance fees	-	
	Proceeds of Operations	-	
Operations and Financial Intermediaries	Disbursements to Financial Intermediaries (1)	275,000	
Final Recipients	Disbursements to Final Recipients	550,000	
Leverge effect	Expected leverage		4.0
	Achieved leverage		0.1

(1) Disbursements to Financial Intermediaries = Disbursements to Final Recipients * Guarantee Rate

	Total cumulative as at 31/12/2019
Region Contribution Committed	5,000,000
FA 2A	2,000,000
FA 3A	3,000,000

2. Background and key milestones and events¹

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.

As of 31 December 2019 all the Operational Agreements with the selected Financial Intermediaries have been signed and the financial instrument is fully operational.

The Banks receiving the uncapped portfolio guarantee by the EIF are:

- CREDEM;
- ICCREA Banca d’Impresa;
- Credito Valtellinese;
- Banca Popolare Pugliese;
- Banca Popolare di Puglia e Basilicata;
- Banca Cambiano;
- Monte dei Paschi di Siena.

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

Other key information and pipeline

All the participating Regions have paid the First Tranche according to the Funding Agreement and the Investment Board has in different meetings addressed the issue of the administrative and on-the-spot checks to be carried out on the Financial Instrument by the Paying Agencies. A procedure has been approved in August 2019 by the Investment Board for such checks which also intended to address the requirement of Funding Agreement concerning the representation of the Managing Authorities about the commitment by the Paying Agencies towards the implement of the payment procedures provided for in the Funding Agreement.

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.

As of 31 December 2019

Investment Board meetings

During the reporting period, two Investment Boards took place:

- on 12 March 2019, to discuss the following agenda:
 - o information by the EIF on the selection process of financial intermediaries;
 - o presentation of the financial intermediaries;
 - o operational aspects related to the implementation of the financial instrument under the Platform:
 - (I) National register of State aid; and
 - (II) Communication referred to in point (1) of Appendix (K) to the Platform's Funding Agreement;

- any other business.
- on 9 September 2019, to discuss the following agenda:
 - information by the EIF on the signatures of the operational agreements with the selected banks and on the and the state of implementation of the initiative
 - Information on the contractual obligations with reference, inter alia, to
 - (I) the presentation of the Progress Report and of the balance-sheet of the Funds of Funds and the subsequent presentations of the annual implementation reports; Presentation of the financial intermediaries;
 - (II) the entry into force of the Commission's Implementing Act on the control report and the audit reports to be submitted by the EIF to the Managing Authorities for the financial instruments managed;
 - (III) the confirmation by the Managing Authorities of the approval of paying agencies to the contractual payment procedures and the EIF obligations as a result of the decision of the Investors' Committee on 1 August 2019.
 - Issues related to the eligibility of the EIF guarantee.
 - any other business.

In July a written procedure for the decision of the Investment Board of the Italian AGRI Platform has been launched by the President of the Investment Board in order to

- acknowledge the content of the template administrative act drafted by the Paying Agencies on the checks, controls and payments of the Tranches to EIF and
- delegate the EIF in its capacity as Secretary of the Investment Board to send the content of the checks, controls and tranche payments procedure to the European Commission DG AGRI with a transmission letter also approved by the Investment Board.

The Investment Board approved that written procedure unanimously on 1st August 2019.

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

In accordance with Article 40(1) of Regulation (EU) No 1303/2013 as amended, the Managing Authority has received an Annual Audit Report by 31 December 2019 in line with Annex II of Commission Implementing Regulation (EU) 2019/1140. The report covered the period from 5 February 2018 (since inception) to 15 October 2019 and was issued by KPMG as EIF's external auditor.

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.

Different meetings have been organized in 2019 with the selected Financial Intermediaries in order to define guidelines and instruct them on the eligibility criteria to be checked in order to comply with the requirements of the Financial Instruments and in particular with those stemming from the Regional Rural Development Programmes.

Two meetings have been dedicated to inform the Financial Intermediaries on the procedures and requirements of the administrative and on-the-spot checks required by the EU Regulation for Rural Development.

2.1.5 Litigation

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

2.1.6 Monitoring activities

The monitoring of the implementation of the Platform performed by EIF, in accordance with the provisions set forth in the Funding Agreement, include the following:

- data consistency checks of the information reported periodically by the Financial Intermediary, as per the relevant Operational Agreement, related to the underlying final recipients and final recipient transactions, including an additional layer of control using external databases (Orbis) for the SME status checks;
- monitoring of a sample of loans included in the portfolios based on certain eligibility criteria set forth in the Operational Agreement which may be conducted through monitoring visits at the premises of the Financial Intermediary or through remote based (desk) monitoring;
- desk test of a sample of defaulted loans included in the portfolios.

No monitoring visits have been carried out by EIF in the reference period.

A monitoring visit at the premises of one of the Financial Intermediaries was initially scheduled to take place at the end of March 2020 however, due to preventive measures put in place by EIB Group concerning the COVID-19 outbreak and the similar measures taken by other Member States, a desk monitoring on the Financial Intermediary will be performed instead of an on-site monitoring visit.

3. Situation of the Fund of Fund

3.1 Key figures of the operational agreements

		Total cumulative as at 31/12/2019
Operations and Financial Intermediaries	Total number of signed Operational Agreements	5
	Total Amount Committed to Financial Intermediaries	2,725,000
Eligible Final Recipients	Total number of Final Recipients having received financing during the whole programme period (accumulated)	2
	Total number of employees at time of inclusion	62

3.2 Guarantee operations

3.2.1 Information on Financial Intermediary

Financial Intermediary Portfolio Name	Start of Availability Period	End of Availability Period	Signature Date	Guarantee Rate	Agreed Portfolio Volume	Signed Commitment (1)	Signed Commitment (EAFRD part)	Signed Commitment (National co-financing)	Signed Commitment (EIF Contribution)	Private Contribution	Actual Portfolio Volume	Utilisation of Agreed Portfolio Volume (2)	Disbursement to Final Recipients	Disbursement ratio (3)	Released signed commitment
Banca Cambiano - Agri Italia - Piemonte	01/04/2019	31/03/2021	21/03/2019	50.0%	200,000	100,000	21,560	28,440	25,000	100,000	-	-	-	-	-
Banca Monte dei Paschi di Siena - Agri Italia - Piemonte	15/05/2019	14/05/2021	14/05/2019	50.0%	500,000	250,000	53,900	71,100	62,500	250,000	-	-	-	-	-
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	01/03/2019	28/02/2021	01/03/2019	50.0%	2,000,000	1,000,000	215,600	284,400	250,000	1,000,000	550,000	27.5%	550,000	27.5%	-
Credito Valtellinese (CREVAL) - AGRI Italia - Piemonte	02/01/2019	31/12/2021	24/12/2018	50.0%	1,500,000	750,000	161,700	213,300	187,500	750,000	-	-	-	-	-
ICCREA BancaImpresa - AGRI Italia - Piemonte	01/05/2019	30/04/2021	18/04/2019	50.0%	1,250,000	625,000	134,750	177,750	156,250	625,000	-	-	-	-	-
Total					5,450,000	2,725,000	587,510	774,990	681,250	2,725,000	550,000	10.1%	550,000	10.1%	

(1) Signed Commitment = Agreed Portfolio Volume * Guarantee Rate

(2) Utilisation of Agreed Portfolio Volume = Actual Portfolio Volume / Agreed Portfolio Volume

(3) Disbursement ratio = Disbursement to Final Recipients / Agreed Portfolio Volume

3.2.2 Aggregate Final Recipient portfolio analysis

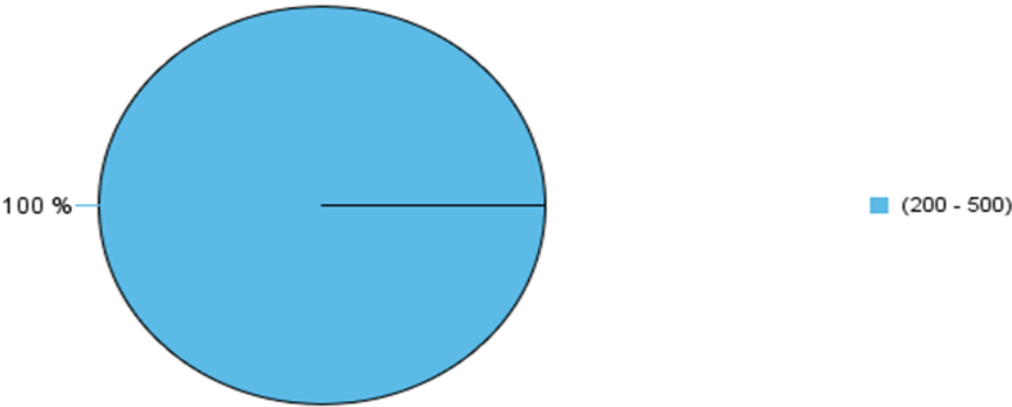
Portfolio Name	Number of Final Recipients	out of which, individuals	out of which, microenterprises	out of which, SMEs	out of which, Final Recipients bigger than SMEs	Number of loans	Number of Disbursed loans	Number of employees as at time of inclusion	Average loan maturity in months	Actual Portfolio Volume in EUR	Investment amount in EUR
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	2	-	-	2	-	2	2	62	60	550,000	709,240
TOTAL	2	-	-	2	-	2	2	62		550,000	709,240

3.2.3 Guarantee Calls / Recoveries

Portfolio name	Number of Loans Defaulted	Amount Paid	Amount Recovered	Net Amount Paid
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	-	-	-	-
Total	-	-	-	-

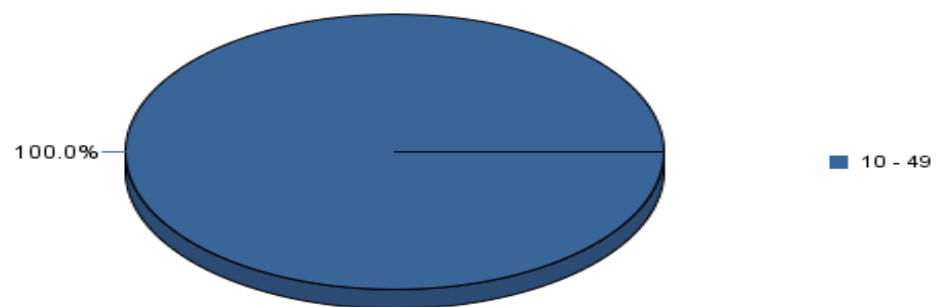
3.2.4 Breakdown by Final Recipient Transaction size

Size in '000 EUR	Final Recipients		Final Recipients Loan Amount	
	Nr	%	EUR	%
(200 - 500)	2	100.0%	550,000	100.0%
TOTAL	2	100.0%	550,000	100.0%



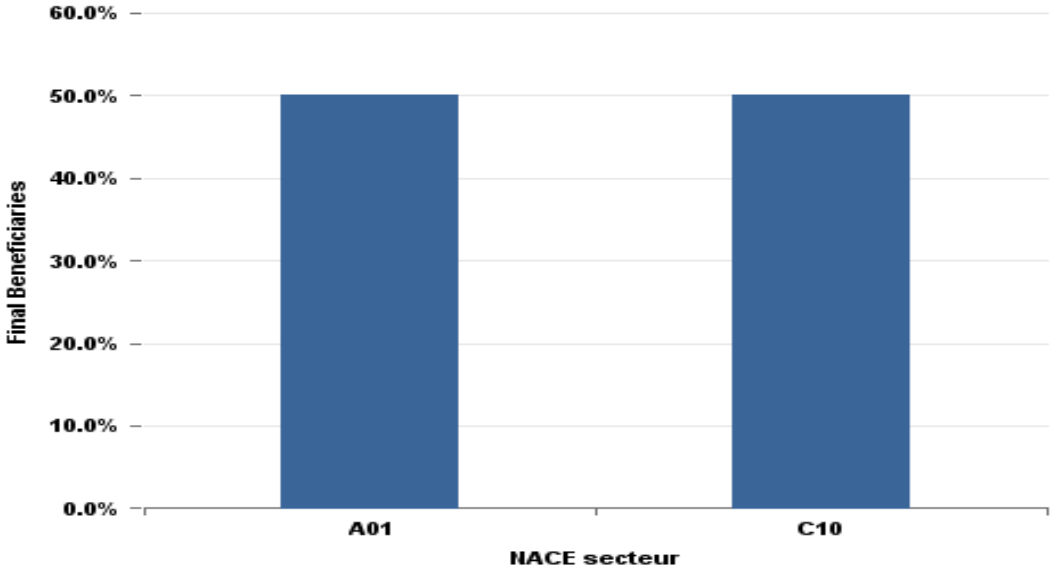
3.2.5 Final Recipient Portfolio Breakdown by Number of Employees

Size (number of employees at first inclusion)	Final Recipients		Final Recipients Loan Amount	
	Nr	%	EUR	%
10 - 49	2	100.0%	550,000	100.0%
TOTAL	2	100.0%	550,000	100.0%



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

Sector Code	Description	Final Recipients		Final Recipients Loan Amount	
		Nr	%	EUR	%
A1	Crop and animal production, hunting and related service activities	1	50.0%	250,000	45.5%
C10	Manufacture of food products	1	50.0%	300,000	54.5%
TOTAL		2	100.0%	550,000	100.0%



4. Financial Information

The financial information presented in this section has not been audited to date.

4.1 Annual Cash Report on EUR-Account

	Notes	Amounts for the period from 01.01.2019 to 31.12.2019 EUR
OPENING CASH BALANCE		1,250,000.00
1) Contribution	1	-
2) Movement relating to operations	2	-
3) Treasury Investments (Term deposits in/out & interest)	3	-
4) Additional expenses		
Legal expenditure		-
Negative Interest		-
5) General Administrative expenses	4	(17,017.80)
6) Others		-
		1,232,982.20
CLOSING CASH BALANCE		1,232,982.20
Note 1 Contribution		
List of Movements	Date	EUR
Total		
Note 2 - Guarantee		
List of Movements	Date	EUR
Total		-
Note 3 - Treasury Investments (Term deposits in/out & interest)		
	Date	EUR
Deposits out		
Deposits in		
Interests		
Total		-
Note 4 - General Administrative expenses		
	Date	EUR
0013975532 Payment- Management fee (1st year)- IT Agri Piemonte- 2018	22/01/2019	(11,506.85)
0014604355 Payment- Management fee (1st year+2nd year+ committed to FIs+ correction Management Fee H	26/07/2019	(5,510.95)
Total		(17,017.80)

5. Contacts

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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)	cn code	Loan Amount Committed	Loan Amount Committed (EAFRD part)	Loan Amount Committed (national co-financing part)	Loan Amount Committed (EIF part)	Loan Amount Committed (Private part)	Loan Amount Disbursed	Loan Amount Disbursed (EAFRD part)	Loan Amount Disbursed (national co-financing part)	Loan Amount Disbursed (EIF part)	Loan Amount Disbursed (Private part)	Maturity (months)	OGE amount	Purpose of the loan	Investment Amount EUR	Size of the Final Recipient
CREDEM-PIE-ITAGRI-ESIF-DG	CANTINA SOCIALE DI NEZZA MONFERRATO SOCIETA' COOPERATIVA AGRICOLA SIGLABILE	72300056	OT 4.2	02/09/2019	ITC1	A1.2.1	A1.2.1	2204	250,000	26,950	35,550	62,500	125,000	250,000	26,950	35,550	62,500	125,000	60	924	Tangible Investment	329,240	SMALL
CREDEM-PIE-ITAGRI-ESIF-DG	PALZOLA S.R.L.	1251500037	OT 4.2	19/09/2019	ITC1	C10.5.1	C10.5.1	04064050	300,000	32,340	42,660	75,000	150,000	300,000	32,340	42,660	75,000	150,000	60	6,432	Tangible Investment	380,000	MEDIUM
									550,000	59,290	78,210	137,500	275,000	550,000	59,290	78,210	137,500	275,000					

6.2 Address of the Financial Intermediaries

Financial Intermediary	Address
Banca Cambiano	Viale Antonio Gramsci, 34,Florence, Italy
Banca Monte dei Paschi di Siena	Piazza Salimbeni 3, Siena, 53100, Italy
Credito Emiliano	Via Emilia San Pietro 4,Reggio Emilia, 42121, Italy
Credito Valtellinese	Piazza Quadrivio, 8, Sondrio, 23100, Italy
ICCREA BancaImpresa	Via Lucrezia Romana 41/47, Rome, 00178, Italy