



EUROPEAN UNION



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

Progress Report as at 31/12/2020



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 2020

		Total cumulative as at 31/12/2020	
		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	24,895	0.5%
	out of which base fees	23,342	
	out of which performance fees	1,553	
	Proceeds of Operations	-	
Operations and Financial Intermediaries	Disbursements to Financial Intermediaries (1)	337,500	
Final Recipients	Disbursements to Final Recipients	675,000	
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 31/12/2020
Region Contribution Committed	5,000,000
FA 2A	2,000,000
FA 3A	3,000,000

2. Background¹

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

As of 31 December 2020, 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.

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

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 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

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

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.

Implementation disruption due to the covid-19 pandemic

As well-known and discussed by the Investment Board, the start-up of the financial instrument under the platform, due to its experimental nature and the novelties, has been slow and only in the second half of 2019 the first disbursements to final recipients occurred, unfortunately only in some of the participating Regions.

The pandemic and the lockdown started in the first quarter of 2020 and lasted throughout the year has disrupted the difficult early development of the financial instrument, with a de facto complete stop of any financing provided for investments.

Moreover, the significant measures introduced by the Italian Government to support the economy and namely the extension to the primary sector of the 90% free guarantee by the State on loans to SMEs, have crowded out the possibility for the EIF guarantee to be competitive as long as the temporary aid framework for covid will last.

EIF has taken all the possible actions to support the Banks in the implementation and in particular has promoted a change in the eligibility criteria of the guarantee in order to allow support to stand alone Working Capital (i.e. in addition to the one not linked to investments as previously envisaged). This action, operational since Q4 2020, should allow the EIF guarantee to intercept more demand for liquidity finance, especially when the temporary aid framework adopted by the State guarantee currently offered to Agriculture.

Nonetheless, further options will be explored in case the disbursements will not increase in 2021 and possible actions will be submitted to the Investment Board.

Investment Board meetings

During the reporting period, an Investment Boards took place on 21 January 2020, to discuss the following agenda

- Resolution, pursuant to art. 6.7 (d) of the Funding Agreement, on amendment of art. 14.2 (b) of the Funding Agreement upon the entry into force of the Implementing Regulation (EU) 2019/1140 of 3 July 2019 which establishes the models for control reports and annual audit reports regarding the financial instruments implemented by the EIB.
- Information on the state of implementation of the initiative and on the forecasts of use of resources.
- Information on the outcome of the communication made by the EIF to the European Commission regarding the controls foreseen for the platform and the verification of the obligations as per Funding Agreement and the related resolutions of the Investment Committee on payment procedures.
- 4. Various and possible.

In April 2020, 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 amend the Funding Agreement as follows:

- (a) the definition of "Audit Firm" in Article 1.1 of the Funding Agreement shall be deleted in its entirety without replacement;

- (b) Article 14.2, paragraph (b) of the Funding Agreement shall be replaced by the following:
“the control report and the annual audit report which shall be drawn up substantially in the form determined by the Commission Implementing Regulation (EU) 2019/1140 of 3 July 2019 by 31 December following the end of the reference accounting year; and”;
- (c) a new paragraph (c) shall be added immediately after Article 14.2, paragraph (b) of the Funding Agreement, as per the below:
“an annual cash report in respect of each Regional FoF Account, prepared by EIF according to its standards, to be submitted by EIF to each Region not later than four (4) months following the last day of the Reporting Period.”..

The Investment Board approved that written procedure unanimously on 18th May 2020.

The COVID-19 outbreak and the economic shock triggered by this emergency call for immediate response measures by policy makers as well. The current resolution provides for the necessary amendments to the mandate framework in order to introduce mitigating measures with respect to stand-alone working capital.

The amended EU regulatory framework provides exceptional additional flexibility in relation to financing working capital in order to respond to the current unprecedented situation. The regulation eliminates the requirements of (i) linking working capital support to investment operations and (ii) providing justification based on business plans or equivalent documents and evidence proving that it was used for its intended purpose. It allows for support of eligible expenditures related to working capital up to EUR 200,000.

Following the requests of the Managing Authority, in order to allow the possibility to provide stand-alone working capital, the Investment Strategy and Business Plan of the Funding Agreement has been amended to reflect the above, through an Investors Board approval by a written procedure unanimously on 9th December 2020.

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 2020 in line with Annex II of Commission Implementing Regulation (EU) 2019/1140. The report covered the period from 16 October 2019 to 15 October 2020 and was issued by KPMG as EIF’s external auditor.

2.1.4 Publicity

Due to the covid-19 pandemic, no events have taken place in 2020 to market the platform. The participating Banks continued their ordinary marketing and commercialization of the products benefitting of EIF’s guarantee, but all gave the feedback that the demand for financing investments in agriculture has been dramatically reduced by the crisis.

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 financial instrument by the Financial Intermediaries performed by EIF, in accordance with the provisions set forth in the Funding Agreement, includes the following:

- rule based checks of the information related to the underlying final recipients and final recipient transactions reported periodically by the Financial Intermediary in accordance with the relevant Operational Agreement, including an additional layer of control on the SME Status by using the Orbis (Bureau van Dijk's Orbis) "SME analysis on European classification" tool;
- 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.

During the reference period a desk monitoring was performed on a sample of loans originated by Credem under the Platform.

3. Situation of the Fund of Fund

3.1 Key figures of the operational agreements

		Total cumulative as at 31/12/2020
Operations and Financial Intermediaries	Total number of signed Operational Agreements	5
	Total Amount Committed to Financial Intermediaries	2,225,000
Eligible Final Recipients	Total number of Final Recipients having received financing during the whole programme period (accumulated)	3
	Total number of employees at time of inclusion	63

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)	Risk retained by Financial intermediaries	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	50,000	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	125,000	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	500,000	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%	500,000	250,000	53,900	71,100	125,000	250,000	125,000	25.0%	125,000	25.0%	-500,000
ICCREA BancalImpresa - AGRI Italia - Piemonte	01/05/2019	30/04/2021	19/04/2019	50.0%	1,250,000	625,000	134,750	177,750	312,500	625,000	-	-	-	-	-
Total					4,450,000	2,225,000	479,710	632,790	1,112,500	2,225,000	675,000	15.2%	550,000	15.2%	-500,000

(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

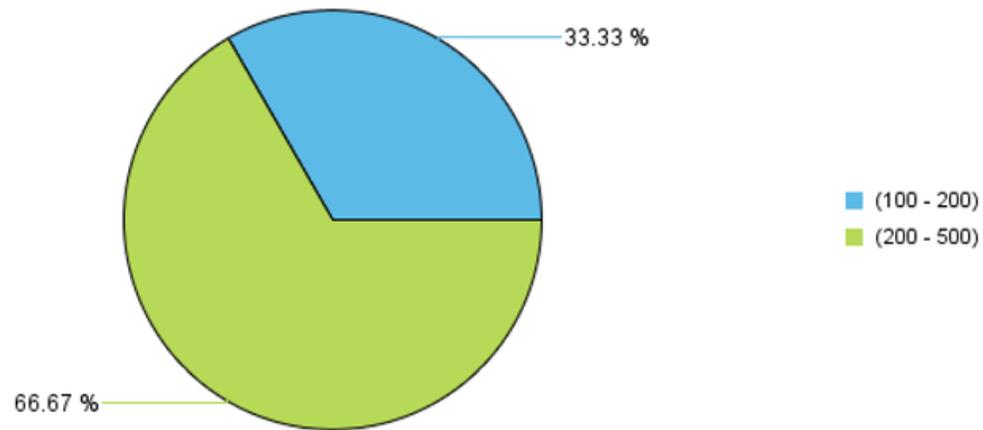
Portfolio Name	Number of Final Recipients	out of which, individuals	out of which, microenterprises	out of which, SMEs	out of which, Final Recipients bigger than SMEs	Number of loans	Number of Disbursed loans	Number of employees as at time of inclusion	Average loan maturity in months	Actual Portfolio Volume in EUR	Investment amount in EUR
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	2	-	-	2	-	2	2	62	60	550,000	709,240
Credito Valtellinese (CREVAL) - AGRI Italia - Piemonte	1	-	1	-	-	1	1	1	144	125,000	125,000
TOTAL	3	-	1	2	-	3	3	63	88	675,000	834,240

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	-	-	-	-

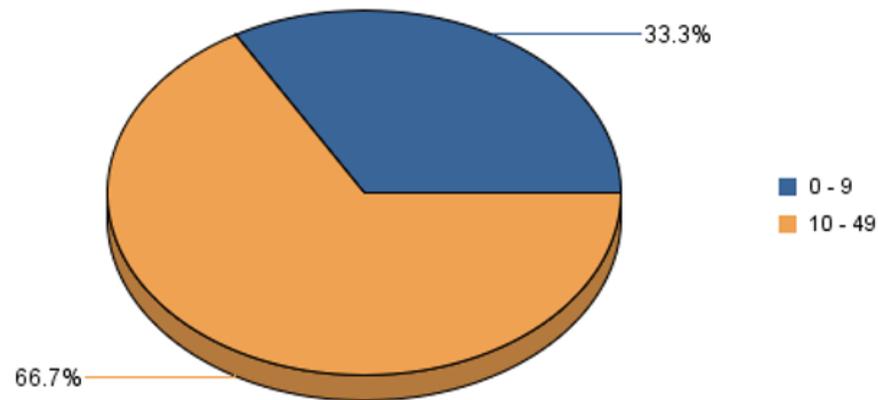
3.2.4 Breakdown by Final Recipient Transaction size

Size in '000 EUR	Final Recipients		Final Recipients Loan Amount	
	Nr	%	EUR	%
(100 - 200)	1	33.3%	125,000	18.5%
(200 - 500)	2	66.7%	550,000	81.5%
TOTAL	3	100.0%	675,000	100.0%



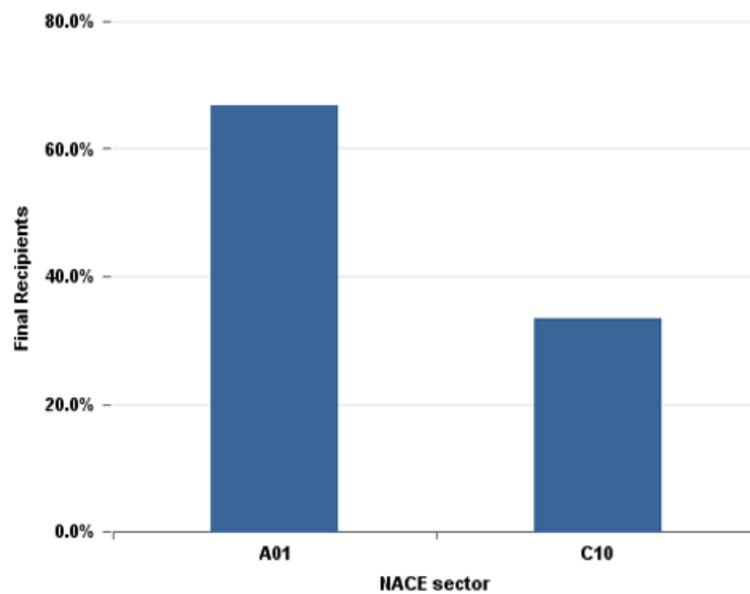
3.2.5 Final Recipient Portfolio Breakdown by Number of Employees

Size (number of employees at first inclusion)	Final Recipients		Final Recipients Loan Amount	
	Nr	%	EUR	%
0 - 9	1	33.3%	125,000	18.5%
10 - 49	2	66.7%	550,000	81.5%
TOTAL	3	100.0%	675,000	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	%
A01	Crop and animal production, hunting and related service activiti	2	66.7%	375,000	55.6%
C10	Manufacture of food products	1	33.3%	300,000	44.4%
TOTAL		3	100.0%	675,000	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 01/01/2020 to 31/12/2020 <u>EUR</u>
OPENING CASH BALANCE		1 232 982.20
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	(7 876.88)
6) Others		
CLOSING BALANCE		1 225 105.32
Note 1 Contribution		
List of Movements	Date	EUR
Total		
Note 2 Guarantee Operations		
List of Movements	Date	EUR
Total		
Note 3 - Treasury Investments (Term deposits in/out & interest)		
List of Movements	Date	EUR
Total		
Note 4 - General Administrative expenses		
List of Movements	Date	EUR
Payment- Management fee (2nd year + 3rd year + committed to FIs) & Performance Fee- ITAgri Piemonte- H1 2020 & Adjustment Accrual	30/07/2020	(4 622.23)
Payment- Management fee (committed to FIs) & Performance Fee- ITAgri Piemonte- H2 2019	04/05/2020	(3 254.65)
Total		(7 876.88)

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)	ca code	Loan Amount Committed	Loan Amount Committed (EAFRD part)	Loan Amount Committed (national co-financing part)	Loan Amount Committed (EIF part)	Loan Amount Committed (Risk retained by Financial intermediaries)	Loan Amount Disbursed	Loan Amount Disbursed (EAFRD part)	Loan Amount Disbursed (national co-financing part)	Loan Amount Disbursed (EIF part)	Loan Amount Disbursed (Risk retained by Financial intermediaries)	Maturity (months)	GGE amount	Purpose of the loan	Investment Amount EUR	Size of the Final Recipient
CREDEM-PIE-ITAGRI-ESIF-DG	CANTINA SOCIALE DI NIZZA MONFERRATO SOCIETA' COOPERATIVA AGRICO LA SIGLABILE	12300056	OT 4.2	02/09/2019	ITC1	A12.1	A12.1	2204	250,000	26,350	35,550	62,500	125,000	250,000	26,350	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
CREVAL-PIE-ITAGRI-ESIF-DG	FOTI CHRISTIAN	FTOGRS80H04G674X	OT 4.1	08/07/2020	ITC1	A11.3	A11.3	8433	125,000	13,475	17,775	31,250	62,500	125,000	13,475	17,775	31,250	62,500	144	0	Tangible investment	125,000	MICRO
									675,000	72,765	95,985	168,750	337,500	675,000	72,765	95,985	168,750	337,500					

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