

ESIF - EAFRD - ITAgri Platform – Piemonte (AGR07)

Annual Operational Report

Reporting date: 31/12/2024



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 Contribution	315,752
out of which EAFRD	136,152
out of which, national co-financing	179,600
Funding Agreement Signature Date	05/02/2018
Currency	EUR
Commitment Period	From 5/2/2018 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 of Piemonte (CCI: 2014IT06RDRP009)
Priority (Focus Area)	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; 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.
Sub-measures supported by the Financial Instrument	4.1 Support for investments in agricultural holdings 4.2 Support for investments in processing/marketing of agricultural products

1.1 Overview as of 31/12/2024

		Total cumulative amount in EUR
MS Contribution	Region Contribution Committed	315,752
	out of which EAFRD	136,152
	out of which, national co-financing	179,600
	Region Contribution Paid	315,752
	out of which EAFRD	136,152
	out of which, national co-financing	179,600
	EIF Contribution in IT Agri	247,823
	Total Fees paid	49,166
	out of which base fees	39,202
	out of which performance fees	9,964
	Proceeds of Operations	337,500
Operations and Financial Intermediaries	Disbursements to Financial Intermediaries (1)	337,500
Final Recipients	Disbursements to Final Recipients	675,000
Leverage effect	Expected Leverage	4.0
	Achieved Leverage	2.1

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

2. Background (1)

In line with the provisions of the ex-ante analysis and the overall strategy of the Rural Development Programmes (RDPs), through the signatures in November 2017 of the Funding Agreement with the EIF and the Managing Authorities of the RDPs of Apulia, Campania, Calabria, Emilia Romagna, Piedmont, Puglia, Veneto, Umbria and Tuscany entrusted the EIF for the implementation of a Fund of Regional Funds ("FdF"), in accordance with Article 38(4)(b)(i) of Regulation (EU) No 1303/2013). The objective of the FdF is to facilitate access to financing in the agricultural and processing sectors through the implementation of an unlimited portfolio guarantee to support investment measures under sub-measures 4.1 (support for investments in agricultural holdings) and 4.2 (support for investments in the processing/marketing and/or development of agricultural products). The FdF operates within a multi-regional platform which is also open to membership by other Managing Authorities within the terms set out in the Funding Agreement.

As regards the financial product used under the FdF, this is an uncapped guarantee covering 50 % of the risk of losses on debt financing products that will be disbursed to final recipients by the financial intermediaries selected by the EIF. The financial contribution from the RDP of the Regions covers the risk of the first losses of the instrument. The selected financial intermediaries will have to maintain a credit risk exposure of 50 % (pari passu) for each debt financing at all times. There is no provision for mutualisation of any losses between MAs, so the contribution from each RDP covers the first losses on loans granted to final recipients in their own territory.

The financial instrument aims to have a minimum leverage effect of 4x, compared to the net contribution paid by the MA (for the purposes of Article 42 (1) (b) of Regulation (EU) No 1303/2013) to be achieved by the end of the eligibility period. Thanks to the intrinsic characteristics of the instrument, it is possible, on the occurrence of some of the circumstances provided for in the Funding Agreement and on the basis of the risk of each underlying portfolio, to achieve a target leverage in excess of the minimum that varies from one region to another.

As regards the implementation, the investment strategy agreed in the Funding Agreement, provides for the selection by the EIF of the financial intermediaries who will be required to provide debt financing to final recipients in the Region and, subject to verification of the eligibility criteria laid down in the operational agreements signed between the EIF and the selected financial intermediaries, include this debt financing in the portfolio guaranteed by the FdF. Any final recipient covered by the guarantee may obtain favorable conditions such as lower interest rates than ordinary interest rates and/or have to lend less collateral.

The total contributions at platform level amount to EUR 202.85m, of which EUR 70.85m comes from the eight regions participating in the platform (EAFRD contribution and national co-financing) and up to EUR 132m are committed by the EIF to cover senior risk. The contribution of each region varies from EUR 5m to EUR 15m, depending on the managing authority. However, as of 1 April 2022, the Contribution Committed for each region was reduced due the implementation disruptions mentioned below. The new Regional Contribution Committed is reflected in the table "1.1 Overview as of 31 December 2024" above.

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

2.1 Progress on implementation of the Platform

a) Selection of the Financial Intermediaries - Call for Expression of Interest and Operational Agreements

The selection of Financial Intermediaries by the EIF is carried out through a Call for Expression of Interest approved by the Investors Board during the first meeting and subsequently published on the EIF website on 24 January 2018. By the end of the call deadline, the following 7 intermediaries signed Operational Agreements with the EIF thus making the financial instrument operational: Credem, ICCREA Banca d'Impresa, Banca Popolare Pugliese, Banca Popolare di Puglia and Basilicata, Monte dei Paschi di Siena, Credito Valtellinese, Banca Cambiano. At the date of this report, all the 7 financial intermediaries have ended the eligibility period and therefore they cannot include new transactions.

b) Implementation disruption and actions taken

This project started in the context of the recognition of an important market gap in the agricultural credit sector in Italy. The results of the analysis carried out by the National Rural Network with ISMEA on the lack of access to credit for farmers had recently been published. The two main Italian banks, Unicredit and Banca Intesa, had signed memorandum with the Ministry of Agriculture, committing to increase the supply of credit to the sector by EUR 5 billion each in the three-year period 2018/2020. The provision of public guarantees and other forms of financial support in this segment was particularly low, given the limitations in place for the SME Guarantee Fund managed by Mediocredito Centrale to issue the guarantee to farmers. Everything seemed to support the assumption that a guarantee instrument such as the one that was supposed to launch was very useful to the market. When the announcement to banks for the collection of expressions of interest was launched, it was immediately understood that banks' real interest in participating in this initiative was lower than expected. The two major banks that signed the protocols with the Ministry did not apply. The EIF then changed its strategy, trying to identify the possible solution for the implementation of the instrument in the Cooperative Credit Banks system and in a network of other local banks. Unfortunately, delays in the process of reforming the Cooperative Banks system, together with the difficulties of other banks, caused further delays.

Due to its experimental nature and the initial implementation difficulties, largely discussed by the Investors Boards, the start-up of the financial instrument under the platform, has been slow and the first disbursements to final recipients occurred only in the second half of 2019. After the instrument initial pickup during the end of 2019 and the beginning of 2020, a sudden stop in the use of the instrument was triggered by the pandemic and the lockdown started in the first quarter of 2020 and lasted throughout the following years. Moreover, the extraordinary measures introduced by the Italian Government to support the economy and in particular 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. Lastly, banks commercial problems further contributed to the delay in the deployment of the financial instrument. Indeed, banks did not have an internal product management system capable of verifying and monitoring administrative requirements and eligibility issues in financial instruments such as the EIF guarantee.

Since inception EIF has taken all the possible actions to support Banks in the implementation, keeping constant communication with the financial intermediaries, with monthly appointments and, in some cases, more frequent checks.

Moreover, in order to extend the use of the guarantee, EIF has introduced the 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, was expected to 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 will stop. Finally, during the meeting held on 25 June 2021, the Investment Board decided to Extend the 'COVID-19 Eligibility Period' until 30 September 2022 in order to align the policy objectives of the Platform with the current COVID-19 situation.

c) Information on the state of play of the implementation of the initiative

Given the situation of the Initiative and in line with the discussions in previous Investment Boards on the assessment of the commitment of regional resources in the Initiative, the EIF entered into bilateral discussions with the individual Regions during the second half of 2021 to consider a potential reduction of the Regional Contributions Committed. Following these discussions, EIF has communicated to the Regions the possibility to release in advance part of the Regional Contributions Committed by the Regions under the funding as from Q2\2022 and, consequently, during 2022 the EIF signed amendments to the "Regional Specific Terms" with all the Regions to reduce the Contribution Committed for each region. 2 the EIF signed amendments to the "Regional Specific Terms" with the Regions to reduce the Contribution Committed for each region.

d) Publicity

No events have taken place in 2024 to market the platform as the eligibility period is ended on 31./12/2023.

e) Litigation

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

2.1.1 Audits and irregularities

In accordance with Article 40(1) of Regulation (EU) No 1303/2013, as amended, the Managing Authority received the Annual Audit Report by the end of December 2024, in line with Annex II of Commission Implementing Regulation (EU) 2019/1140. The report, issued by external auditors in accordance with ISAE 3000, covers the period up to 15 October 2024. Additionally, the report includes supplementary closure elements in line with the CPR implementing regulation (EU) 2019/1140, Annex II, from section 2.10 onwards.

2.1.2 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.

No eligibility monitoring activities were performed during the reference period.

3. Situation of the Fund of Fund

3.1 Key Figures of the Operational Agreements

Total cumulative as at 31/12/2024

Operations and Financial Intermediaries	Total number of signed Operational Agreements	5
	Total Amount Committed to Financial Intermediaries	337,500
Eligible Final Recipients	Total number of Final Recipients having received financing during the whole programme period (accumulated)	3
	Number of employees	63

3.2 Guarantee Operations

3.2.1 Information on Financial Intermediaries

Deal Name	Start of Availability Period	End of Availability Period	First Signature Date	Guarantee Rate	Agreed Portfolio Volume	Total Amount Committed to Financial Intermediaries	Signed Commitment (EAFRD part)	Signed Commitment (National co-financing)	Signed Commitment (EIF Contribution)	Risk retained by Financial Intermediaries (2)	Actual Portfolio Volume	Utilisation of Agreed Portfolio Volume (3)	Disbursement to Final Recipients	Disbursement ratio (4)	Released signed commitment
Banca Cambiano - Agri Italia - Piemonte	01/04/2019	31/12/2021	21/03/2019	0.5	200,000	0	0	0	0	0					-100,000
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	01/03/2019	31/12/2022	01/03/2019	0.5	550,000	275,000	59,290	78,210	137,500	275,000	550,000	100.0%	550,000	100.0%	-725,000
Credito Valtellinese (CREVAL) - AGRI Italia - Piemonte	02/01/2019	31/12/2021	24/12/2018	0.5	200,000	62,500	13,475	17,775	31,250	62,500	125,000	62.5%	125,000	62.5%	-687,500
ICCREA Bancalmpresa - AGRI Italia - Piemonte	01/05/2019	31/12/2021	18/04/2019	0.5	1,250,000	0	0	0	0	0					-625,000
Sub total					2,200,000	337,500	72,765	95,985	168,750	337,500	675,000	30.7%	675,000	30.7%	-2,137,500
Banca Monte dei Paschi di Siena - Agri Italia - Piemonte	15/05/2019	14/05/2021	14/05/2019	0.5	500,000	0	0	0	0	0					-250,000
Sub total					500,000	0	0	0	0	0					-250,000
Total					2,700,000	337,500	72,765	95,985	168,750	337,500	675,000	25.0%	675,000	25.0%	-2,387,500

(1) Signed Commitment = Agreed Portfolio Volume * Guarantee Rate. In case of decommitments, the Signed Commitment formula has been adjusted in order to reflect the situation as of 31/12/2024

(2) In case of decommitments, the Risk Retained by Financial Intermediaries has been adjusted in order to reflect the situation as of 31/12/2024

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

(4) 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, microenterpri- ses	out of which, SMEs (1)	out of which, bigger than SMEs	Number of loans	Number of Disbursed loans	Number of employees	Maturity (months)	Loan Amount Committed	Investment amount EUR
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	2	0	0	2	0	2	2	62	60	550,000	709,240
Credito Valtellinese (CREVAL) - AGRI Italia - Piemonte	1	0	1	0	0	1	1	1	144	125,000	125,000
Total	3	0	1	2	0	3	3	63	88	675,000	834,240

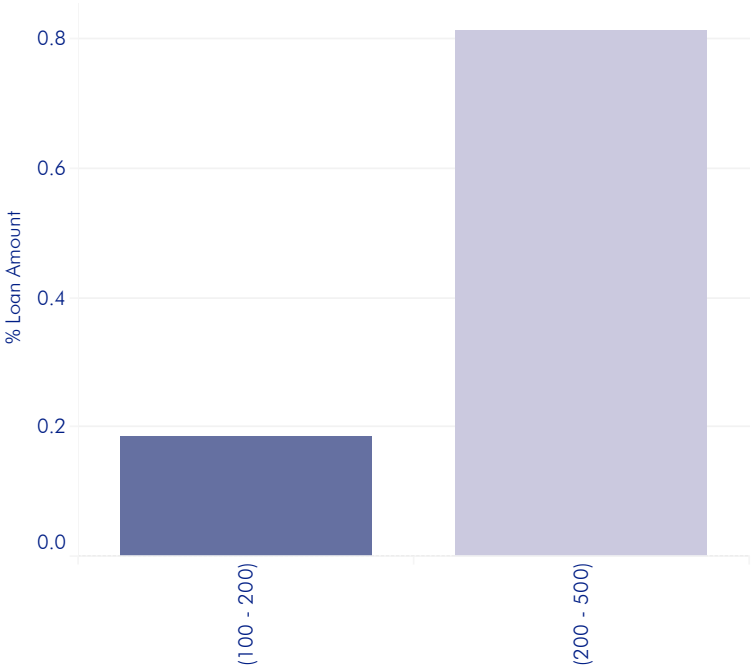
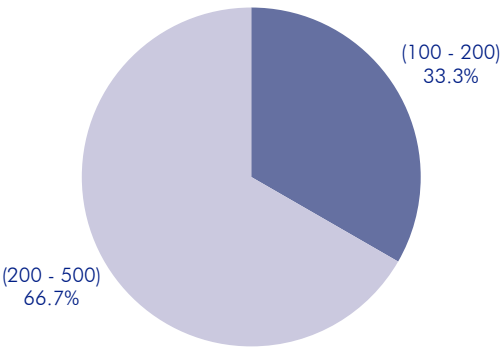
(1) The term SMEs refers solely to small and medium enterprises.

3.2.3 Guarantee Operations - Guarantee Calls / Recoveries

Portfolio Name	Number of Defaulted Loans	Amount Paid	Recoveries EUR Hist	Net Amount Paid
Credito Emiliano (CREDEM) - AGRI Italia - Piemonte	0			
Credito Valtellinese (CREVAL) - AGRI Italia - Piemonte	0			
Total	0			

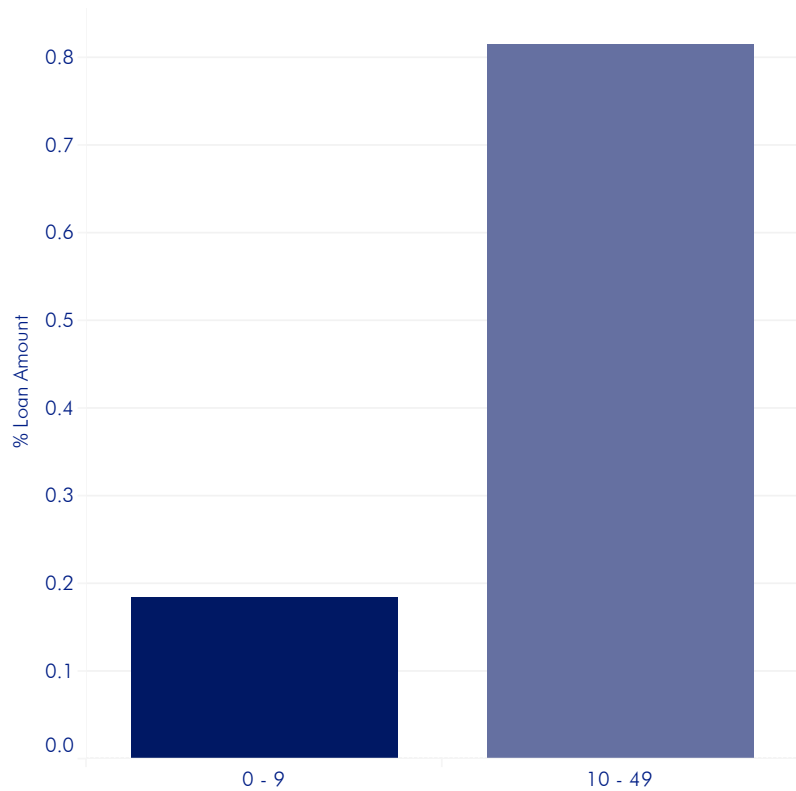
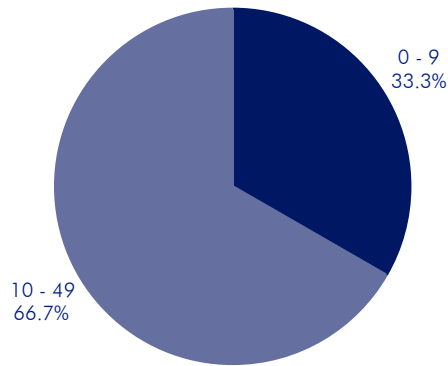
3.2.4 Final Recipients portfolio breakdown by Transaction size

Size in '000 EUR	Number of Final Recipients	Final Recipients (%)	Final Recipients Loan Amount	Loan Amount (%)
(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%



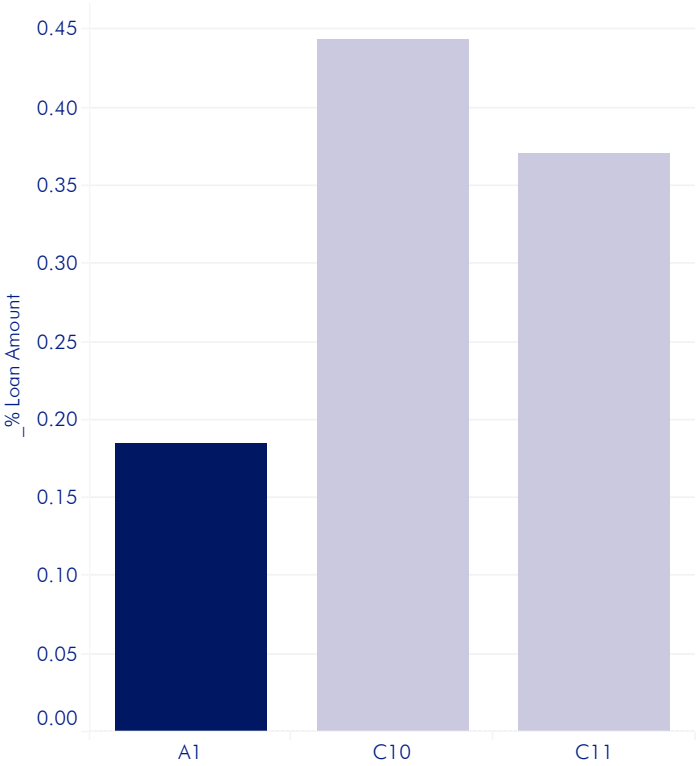
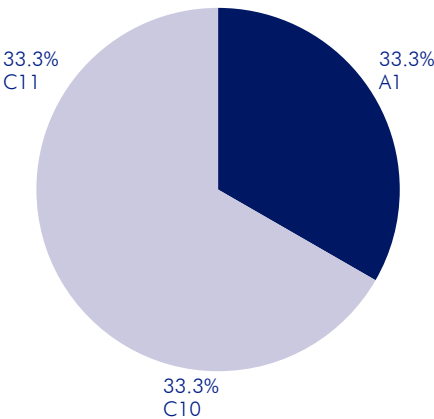
3.2.5 Final Recipients portfolio breakdown by number of employees

Size (number of employees at first inclusion)	Number of Final Recipients	Final Recipients (%)	Final Recipients Loan Amount	Loan Amount (%)
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 Recipients portfolio breakdown by Sector (NACE lev.2)

Sector Code	Number of Final Recipients	Final Recipients (%)	Final Recipients Loan Amount	Loan Amount (%)
A1	1	33.3%	125,000	18.5%
C10	1	33.3%	300,000	44.4%
C11	1	33.3%	250,000	37.0%
Total	3	100.0%	675,000	100.0%



4.1 Management Costs and Fees

Mandate	Management Fee	FOF	FOF/SOF	Total
ESIF - EAFRD - ITAgri Platform – Piemonte (AGR07)	BASE	18,729.16	20,472.82	49,166.05
	PERFORMANCE	NA	9,964.07	

5. Contacts

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6.1 List of all Final Recipient Transactions as of 31/12/2024

Portfolio Name	Final Recipient Name	Fiscal Number	Sub-measure	Transaction ID	Signature Date	Region (NUTS lev. 2)	Final Recipient Sector (NACE lev. 4)	Sector of Investment (NACE lev.4)	CH Code	Purpose of the loan	Size of the Final Recipient	Loan Amount Committed	Loan Amount Committed (SAFRD part)	Loan Amount Committed (BF part)	Loan Amount Committed (Risk retained by Financial Intermediaries)	Loan Amount Disbursed	Loan Amount Disbursed (SAFRD part)	Loan Amount Disbursed (national co-financing part)	Loan Amount Disbursed (BF part)	Loan Amount Disbursed (Risk retained by Financial Intermediaries)	Maturity (months)	Investment amount EUR	GQE Amount
CRESNA PR ITAGB ESF D3	CANTINA SOCIALE DI NIZZA MONFERRATO SOCIETA' COOPERATIVA AGRICOLA SODALITA'		CD 4.2	191837335	02/09/2019	ITC1	C11.0.2	A1.2.1	2208	Tangible investment	SMALL	250,000	25,950	62,500	125,000	200,000	26,950	25,550	62,500	125,000	60	201,240	924
FREGOLAR PR ITAGB ESF D3	PALZOLA SR		CD 4.2	191837334	19/09/2019	ITC1	CI0.8.1	CI0.8.1	04044050	Tangible investment	MEDIUM	300,000	32,340	75,000	150,000	300,000	32,340	42,660	75,000	150,000	60	380,000	8,432
CRESNA PR ITAGB ESF D3	EDT1 CRESNA SR		CD 4.1	192100022	08/07/2020	ITC1	A1.1.3	A1.1.3	8433	Tangible investment	MEDIUM	15,000	13,475	0	60,500	15,000	13,475	17,775	0	62,500	144	115,000	0
Total												875,000	72,765	168,790	337,500	875,000	72,765	95,985	168,750	337,500	88	834,240	7,356

Loan Amount Committed, Loan Amount Committed (SAFRD part), Loan Amount Committed (BF part), Loan Amount Committed (Risk retained by Financial Intermediaries), Loan Amount Disbursed, Loan Amount Disbursed (SAFRD part), Loan Amount Disbursed (national co-financing part), Loan Amount Disbursed (BF part), Loan Amount Disbursed (Risk retained by Financial Intermediaries), Maturity (months), Investment amount EUR and GQE Amount broken down by Row Numbers, Portfolio Name, Final Recipient Name, Fiscal Number, Sub-measure, Transaction ID, Signature Date as an attribute, Region (NUTS lev. 2), Final Recipient Sector (NACE lev. 4), Sector of Investment (NACE lev.4), CH Code, Purpose of the loan and Size of the Final Recipient. The data is filtered on loan_id, which keeps True.

6.2 Address of the Financial Intermediaries

Financial Intermediary	Address
Banca Cambiano 1884 S.p.A.	Viale Antonio Gramsci, 34, Florence, 50132, Italy
Banca Monte dei Paschi di Siena S.p.A.	Piazza Salimbeni 3, Siena, 53100, Italy
Banca Piccolo Credito Valtellinese S.p.A.	Piazza Quadrivio, 8, Sondrio, 23100, Italy
Credito Emiliano S.p.A.	Via Emilia San Pietro 4, Reggio Emilia, 42121, Italy
ICCREA BancaImpresa S.p.A.	Via Lucrezia Romana 41/47, Roma, 178, Italy