AGRI Italy EAFRD Guarantee Platform

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Agenda

• Highlights Credem Group

• Agri Italy Platform Guarantee
# CREDEM GROUP
## Structure

### CREDEM BANKING GROUP

<table>
<thead>
<tr>
<th>COMMERCIAL BANKING</th>
<th>WEALTH MANAGEMENT AND BANCASSURANCE</th>
<th>OTHER ACTIVITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credito Emiliano</td>
<td>Euromobiliare Asset Management SGR</td>
<td>Credemvita*</td>
</tr>
<tr>
<td>Banca Euromobiliare</td>
<td>Euromobiliare Fiduciaria</td>
<td>Credemassicurazioni*</td>
</tr>
<tr>
<td>Credemleasing</td>
<td>Euromobiliare International Fund Sicav*</td>
<td>Credem Private Equity SGR</td>
</tr>
<tr>
<td>Credemfactor</td>
<td>Euromobiliare Advisory Sim</td>
<td>Credem CB</td>
</tr>
<tr>
<td>Avvera</td>
<td></td>
<td>Gestilmux</td>
</tr>
</tbody>
</table>

### HIGHLIGHTS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1910</td>
<td>Year of foundation</td>
</tr>
<tr>
<td>606</td>
<td>Branches, corporate centres and financial stores</td>
</tr>
<tr>
<td>19</td>
<td>Italian region’s of settlement</td>
</tr>
<tr>
<td>6,266</td>
<td>Employees</td>
</tr>
<tr>
<td>845</td>
<td>Financial advisors with mandate</td>
</tr>
<tr>
<td>458</td>
<td>Avvera agents and collaborators</td>
</tr>
<tr>
<td>€ 1.2 bn</td>
<td>Stock capitalization (at 11/05/2020)</td>
</tr>
</tbody>
</table>

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CREDEM GROUP
Main Drivers

Key Points*

**LOANS GROWTH**
- Loans to Customers above €28 billion, growing more than 10% YOY, more than 3X compared to the Industry

**NPL RATIO**
- Credit quality: best-in-class in Italy and in line with the EU average

**PROFITABILITY**
- Net profit: 139.2 million
- Annualized ROTE: 7.5%

**CAPITAL**
- Capital position at the top in the Industry, with lowest Pillar 2 requirement in Italy

Sustainability

**GOOGLE MENTIONED CREDEM**
- Alphabet and Google CEO, Sundar Pichai, mentioned CreDEM as an example of best practice in Smart Working technology

**CARBON DISCLOSURE PROJECT**
- Participation to CDP, the most important and accredited reporting system, able to provide ESG information and figures to the financial market

**ENVIROMENTAL RISK**
- New internal project aimed at assessing exposures related to Climate Change risks in the loan book and in the security portfolio

**ESG PRODUCTS**
- Ongoing integration of ESG criteria in investment processes of the Group's Wealth Management companies

*30/09/2020
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Covid-19 Emergency
Total delivery Loan

Moratoria
«Cura Italia» decree, «Accordo Abi» and «Fondo di solidarietà prima casa»

Households: €650 mln
Corporate: €3,550 mln
Total: €4,200 mln

of which more than 77%* with PD < 1.3%

State-backed guaranteed loans
«Liquidity» decree

<€30 k: €460 mln
>€30 k: €1,299 mln
Total: €1,759 mln

Moratoria loans were, as of September 2020, €4.2 billion. Total «guaranteed loans» disbursed were up and exceeded €1.7 billion as of September 2020

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Agenda

• Highlights Credem Group

• Agri Italy Platform Guarantee
The AGRI Italy Guarantee Platform objective is to provide better access to finance for Final Recipients through capital relief and loss protection provided by EIF to financial intermediaries (FI) via an uncapped Guarantee for portfolios of newly originated loans financing investments by Final Recipients in the agricultural and agro-industrial sectors ("AGRI Loans") in the Contributing Regions.

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The Contributing Regions have dedicated part of their budgetary resources co-financed by the European Agricultural Fund for Rural Development to setting up the Platform.

Under their respective Rural Development Programme the Platform shall target the following two policy objectives:

- **4.1 Support for investments in agricultural holdings**
- **4.2 Support for investments in processing and marketing of agricultural products**

The amount of the portfolio Credem is 233 €m divided over the 8 Contributing Regions which currently are:

<table>
<thead>
<tr>
<th>Regions</th>
<th>Portfolio Volume (€K)</th>
<th>Maximum Amount For each Loan (€K)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calabria</td>
<td>12.000</td>
<td>500</td>
</tr>
<tr>
<td>Campania</td>
<td>37.000</td>
<td>550</td>
</tr>
<tr>
<td>Emilia Romagna</td>
<td>50.000</td>
<td>350</td>
</tr>
<tr>
<td>Piemonte</td>
<td>20.000</td>
<td>300</td>
</tr>
<tr>
<td>Puglia</td>
<td>37.000</td>
<td>550</td>
</tr>
<tr>
<td>Toscana</td>
<td>12.000</td>
<td>600</td>
</tr>
<tr>
<td>Umbria</td>
<td>5.000</td>
<td>250</td>
</tr>
<tr>
<td>Veneto</td>
<td>60.000</td>
<td>950</td>
</tr>
<tr>
<td><strong>Totale</strong></td>
<td><strong>233.000</strong></td>
<td></td>
</tr>
</tbody>
</table>
ROAD MAP

- December 2016: First contact with EIF and CDP
- January 2018: Call Agri Italy Guarantee Platform
- March 2018: Credem decision to apply
- August 2018: Due Diligence
- July 2018: Expression of Interest
- March 2019: Signing of the agreement
- May 2019: Marketing of the Loans
- 29/05/2020: First Agri Loan
- February 2020: Monitoring Visit by the EIF

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## AGRI LOAN
Main Features

<table>
<thead>
<tr>
<th>Feature</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GUARANTEE</strong></td>
<td>UNCAPPED, IRREVOCABLE, UNCONDITIONAL</td>
</tr>
<tr>
<td><strong>GUARANTEE RATE</strong></td>
<td>50%</td>
</tr>
<tr>
<td><strong>GUARANTEE FEE</strong></td>
<td>55 BPS</td>
</tr>
<tr>
<td><strong>AVAILABILITY PERIOD</strong></td>
<td>24 MONTHS</td>
</tr>
<tr>
<td><strong>FI RISK RETENTION</strong></td>
<td>MINIMUM 20%</td>
</tr>
<tr>
<td><strong>MATURITY</strong></td>
<td>MINIMUM 24 MESI, MAXIMUM 144 MESI</td>
</tr>
<tr>
<td><strong>TRANSFER OF BENEFIT</strong></td>
<td>• REDUCTION IN COLLATERAL REQUIREMENTS</td>
</tr>
<tr>
<td></td>
<td>• REDUCTION INTEREST RATE APPLIED</td>
</tr>
<tr>
<td><strong>IMPORTO MAX</strong></td>
<td>DIFFERENT FOR EACH REGION</td>
</tr>
</tbody>
</table>
AGRI LOAN Eligibility Criteria

Final Recipients

• Professional farmers (i.e. imprenditori agricoli professionali - IAP) - measure 4.1

• Any SME or Small Mid-Cap active in the processing, marketing and/or development of Agricultural Products (the output of the production may be a non-Agricultural Product) - measure 4.2

Eligible Investments

• In the context of sub-measure 4.1 shall support investments in agricultural production in order to improve the overall performance and sustainability, infrastructure related to the development, modernisation or adaptation of agriculture, access to farm land, consolidation and improvement, and saving of energy

• In the context of sub-measure 4.2 shall support investments concerning the processing, marketing and/or development of Agricultural Products where the output may be an Agricultural Product or a product that is not an Agricultural Product
AGRI LOAN Selling Process

The process for the AGRI Italy initiative involves various functions that contribute, for the parts of their competence, to the finalisation of each loan supported by the EIF guarantee.

- Company needs analysis
- Identifying Business Product
- Credit and Investment Analysis
- Eligibility to the Guarantee
- Pricing
- AGRI Loan Sign
- Report to RNA
- Quarterly Report to EIF
- Monitoring
- Payment Demand

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How is it going?

- Disbursed: 41%
- Approved: 37%
- In Evaluation: 9%
- Not eligible: 12%

Cumulative Amount Disbursed (€k)

Number of transactions

Covid-19 Period

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Details of the disbursement

% for RDP Measure

- 75.41% for 4.1
- 24.59% for 4.2

% disbursed for Region

- VENETO: 13.4%
- TOSCANA: 8.9%
- PUGLIA: 17.7%
- PIEMONTE: 7.3%
- EMILIA R.: 37.5%
- CALABRIA: 6.5%
- CAMPANIA: 8.6%

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Recommendations and lessons learned

- In order to finance investments, financial instruments to support businesses in addition to block grants
- Importance of a single interlocutor (EIF) able to standardise the differences between the RDPs of the single Regions
- Simplification of the bureaucratic procedures to the FI (RNA – GGE Calculation – Monitoring)
- Collaboration with EIF (Thank You!)

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