



Agri-Agro and Young Farmers

Emanuele Fontana, Crédit Agricole, Italy



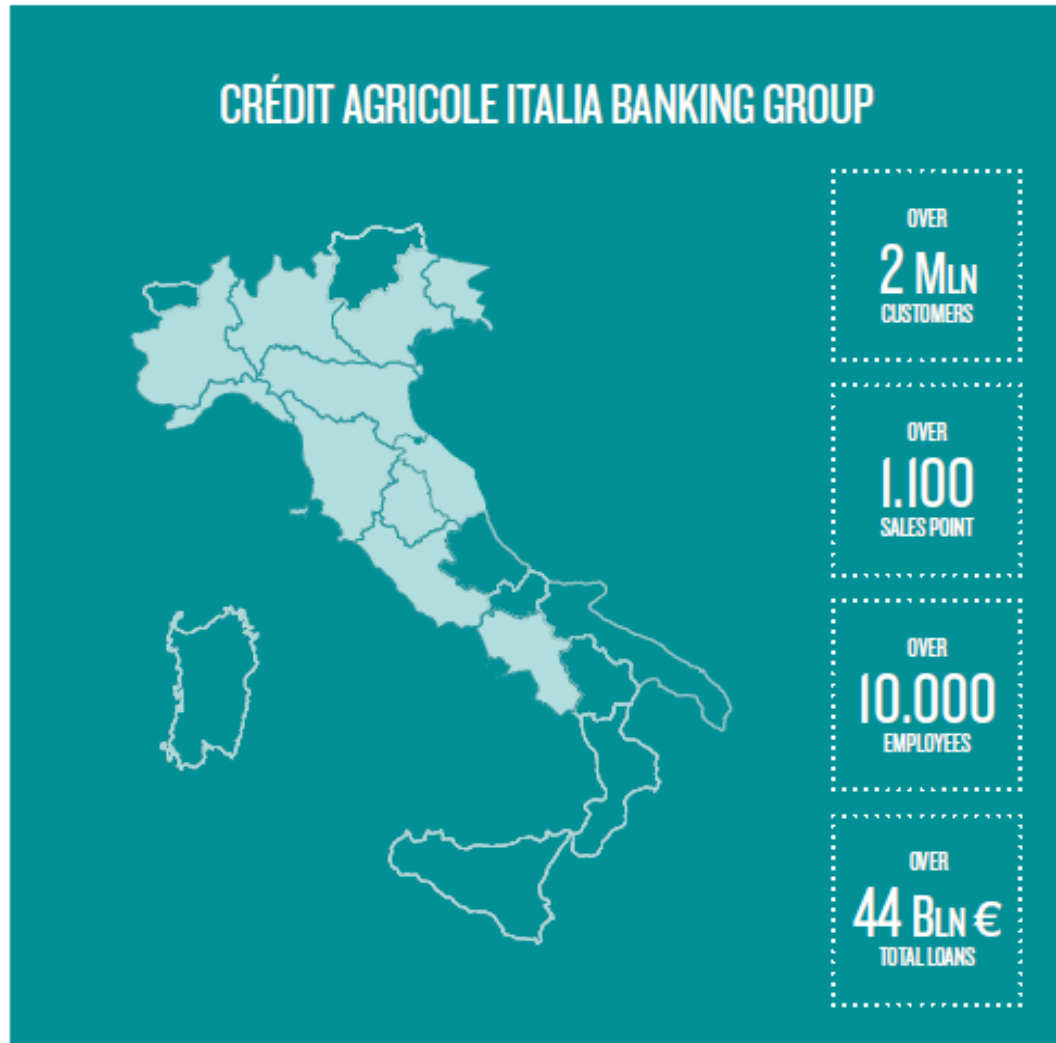
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Crédit Agricole Group in Italy



Italy is the 2nd country (after France) where Crédit Agricole operates with all the business lines



GBCAI – Key figures 2018



- **Overview**

- ✓ Profitability on a constant basis
- ✓ Solid Capital Position
- ✓ Adequate Liquidity Level

- **Economic Data**

- ✓ Net operating income after incorporation charges*: **EUR 274 million** (+10% y/y)
- ✓ Net Operating Income: **EUR 1,938 million** (+13% y/y)
- ✓ Operating Costs: **EUR 1,273 million** (+22% y/y)
- ✓ Cost of credit: **EUR 260 million** (-12% y/y)

- **Capital Data**

- ✓ Equity: **EUR 6.2 billion** (+1% y/y)
- ✓ Credits: **EUR 46 billion** (+6% y/y)
- ✓ Deposits: **EUR 48 billion** (-4% y/y)

- **Group Ratios**

- ✓ Cost/Income ratio: **57,6%**
- ✓ Common Equity Tier 1: **11,6%**
- ✓ Tier Total: **16,8%**

*CR Cesena, CR Rimini and CR San Miniato
fully incorporated by September 2018



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Agrifood business: strong point in the Italian economy



132 Bln €

agrifood business
turnover



1,4 Mln farms

8 ha average size

41 Bln € export

+6,8 % vs 2016



58 thousand

agrifood industries

+ 10% of young
farmers

+20% of organic
farmers

trade balance
deficit:

- 4 Bln €



FERRERO



50 Bln €

agricultural
production value



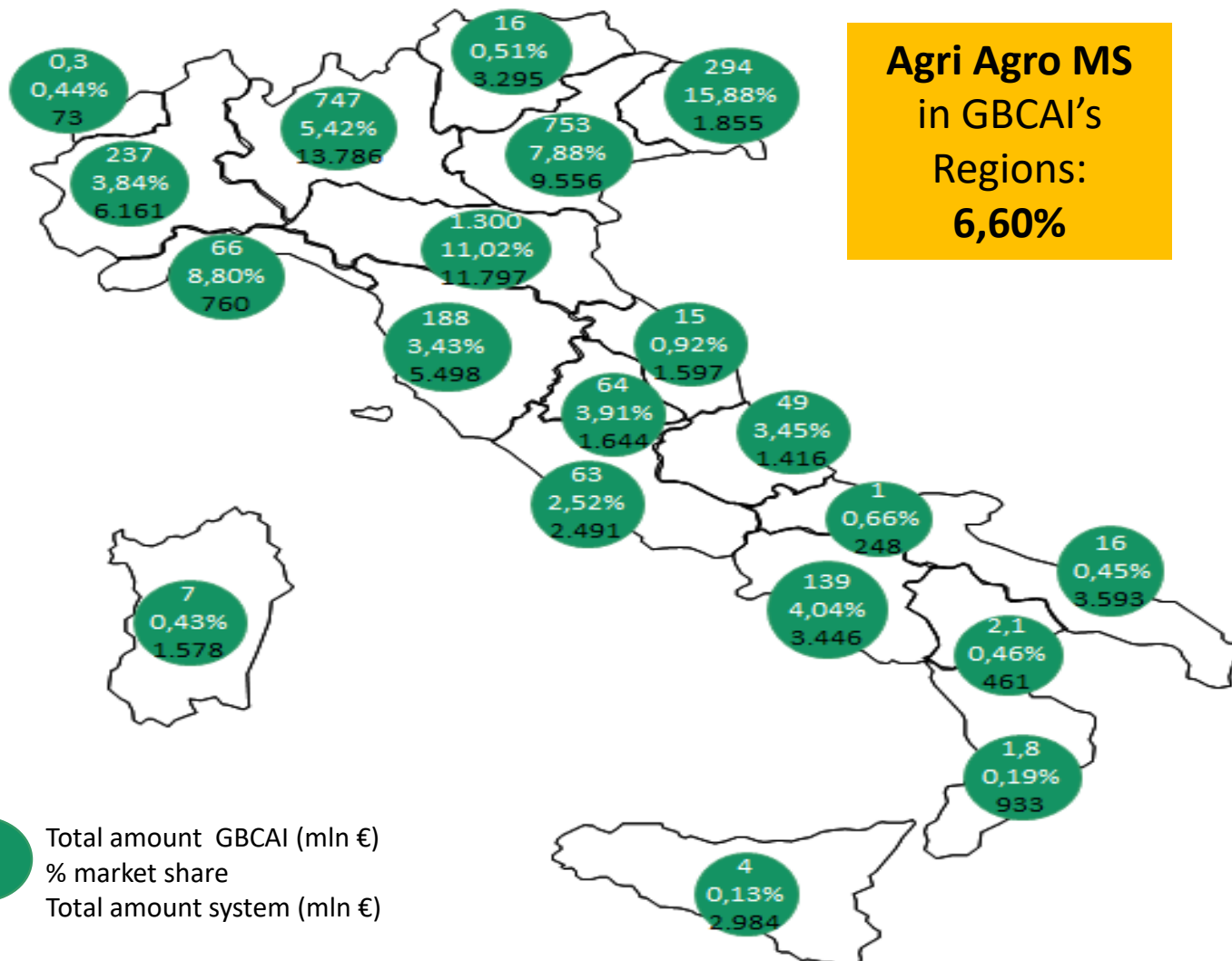
814

DOP/IGP
productions
(food + wine)

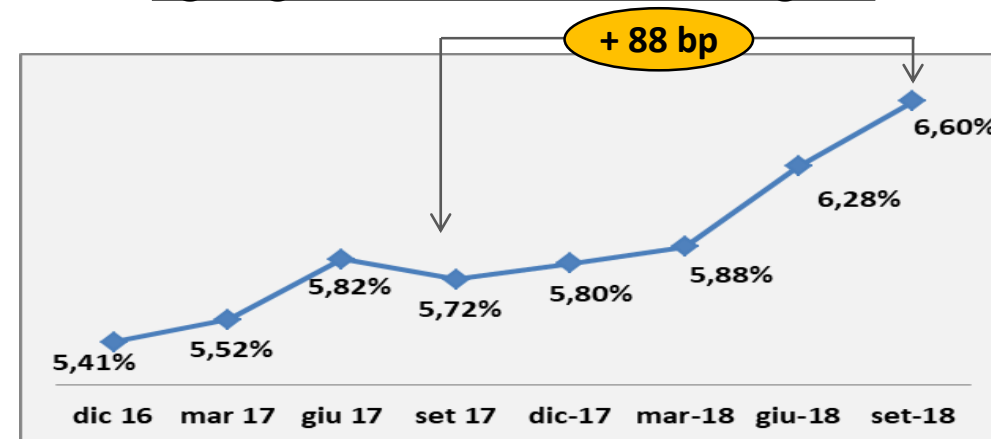


Market share Agri Agro

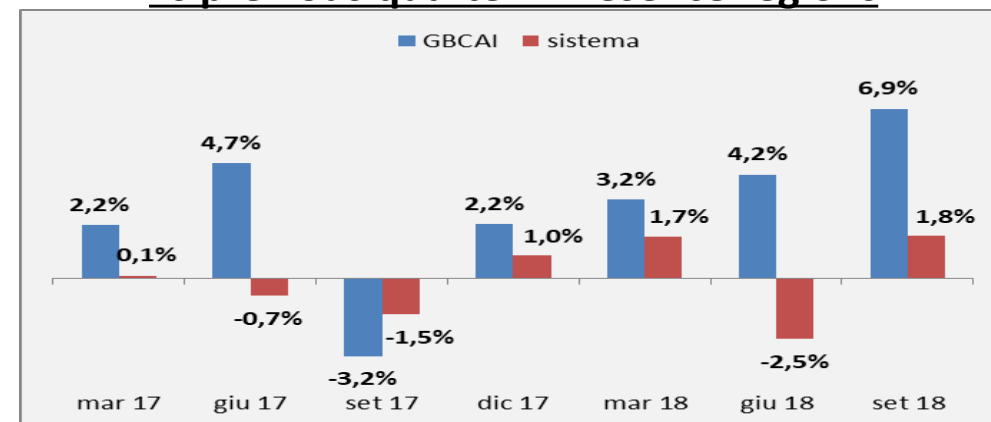
30/09/2018



Agri Agro MS trend in GBCAI's Regions



Stock trend vs previous quarter - Presence regions



Empower market share GBCAI y/y: + 88 bp e + 80 bp vs 31/12/17

Business unit dedicated to Agricultural and Agri-food



Servizio Agri Agro

Servizio Prodotti Affari Incassi e Pagamenti

Servizio Tesoreria Enti

- Products and marketing
 - Business support
 - Credit Experts
 - Lending through partnerships: John Deere, Volentieri Pellenc, DeLaval, Lely
 - Strong partnerships with agricultural national association: COLDIRETTI



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The distributive model over Retail and Corporate

Retail

Territorial Direction

Branch 1

Account Manager

Branch 2

Account Manager

Branch 3

Account Manager

Polo Affari

SBC Manager

Account manager

Account manager agri

- The new model is based on “**Small Business Centers**”, which manage **the most valuable Small Business Customers** in given area, in order to provide Customers with proximity, know-how and expertise.
- The concept is **to have Small Business and dedicated Agri-Agro Account Managers working together in areas where agriculture and agri-food economic activities are significant**: this allows the best possible service to be provided to valuable Agri-Agro Customers, relying on proximity and on good knowledge of the area and of the Customer itself.



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Banca d'Impresa

Territorial Area

Business market 1

Business manager

AC PMI

AC MID

AC Agri

Business market 1

Business manager

AC PMI

AC MID

AC Agri

- Customers analysis and reorganization of business portfolio. Allocation of agri-agro clients to a single prevalent account manager.
- The prevalent account manager has attended a technical-credit training course dedicated to the agri-agro sector and is included in a continuous training system managed by Agri Agro Service.



2018 AA figures



	Agriculture / Farming Market - Retail	Agribusiness Market - Corporate
	31/12/2018	31/12/2018
Number of clients	32.665	2.033
new clients acquisition (sold net)	365	56
Credit outstanding (€)	EUR 2.236m	EUR 1.944m
New credit production (long term loans)	EUR 459m	EUR 331m
Cost of risk (30 Nov. 2018)	50 bps	11 bps



Target 2019:

EUR +250m*
of credit outstanding

*To Be Confirmed



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2018 AA figures



	Agriculture / Farming Market	of which Young farmers 2018
	31/12/2018	31/12/2018
Number of clients	32.665	10.856
new clients acquisition (sold net)	365	280
Credit outstanding (€)	EUR 2.236m	EUR 1.154m
New credit production (long term loans)	EUR 459m	EUR 209m

2018 Agri Agro strategic actions



Scelgo Io Agricoltura

Long term loan that allows to replan the amortisation plan with a change of the amount of the instalments or suspension of the refunds in accordance with specific needs due to seasonality and weather events.

AgriAdvisor

Digital tool that supports the Agri Agro Account Manager in the **customer interview**. It leads in the questions in order to reach a **tailor made commercial offer** build on the real customer's needs. It is the only one tool of this kind in the Italian bank offer.

Insurance

Development of a new offer:

- **Piano Gestione del Rischio;**
- **Insurance catalogue with CA Assicurazioni** (accident insurance, surgery insurance);
- **Assicurazione Praterie:** new project in cooperation with Pacifica to develop an hedging instrument in case of production deficit because of weather events.



Scelgo Io Agricoltura



The product

- *Medium and long term financing*
- *Purposes: investments*
- *Amount: from EUR 30,000 to EUR 300,000*
- *Duration: depreciation from 19 to 60 months with possibility of the depreciation extension period up to 36 months more than the original duration due to exercise of flexibility options*
- *Monthly instalment*

Flexibility options

- Instalment adapting: amount flexibility to maximum size of 30% of the original instalment; The amortizing duration plan may not exceed two years compared to the initial duration;
- Suspension up to a maximum of 12 months can also be divided;
- The amortization plan stretches as many months as the months of suspension, the interest accrued in the period of suspension are recovered on instalments to expire after the resumption of payments.

The options:

- Cumulative during the life of the loan;
- Exercisable if the funding is in regular depreciation;
- Available after the 6 month repayment foreseen by initial plan.



Advertising



> FINANZIAMENTO SCELGO IO AGRICOLTURA

Il finanziamento agrario con il massimo della flessibilità

Per far crescere la tua azienda in tranquillità scegli un finanziamento flessibile che ti permetta di **rimodulare con prontezza il rimborso in funzione del ciclo produttivo, dei fattori ambientali, climatici e stagionali.**

Con Finanziamento Scelgo lo puoi:

- **adattare la rata modificando l'importo fino al +/- 30%** per rimborsare più velocemente il prestito se lo sviluppo dell'attività lo consente o ridurre l'impegno periodico in caso di congiuntura sfavorevole
- **sospendere la rate fino ad un massimo di 12 mesi** anche frazionabili in caso di eventi o andamento del mercato negativi.

Le opzioni di flessibilità sono:

- cumulabili durante la vita del prestito
- esercitabili se il finanziamento è in regolare ammortamento
- attivabili dopo il 6 mese di rimborso previsto da piano iniziale



Vertical supply chain approach



From a supply chain approach based on generics categories of products (wine, meat, fruit and vegetable) however with the aim of being present in the upstream and downstream relationships.



to a stronger focus on commercial activity with a really targeted approach characterized from the development of the heads of the supply chain (and connected providers) and districts of excellence of Italian agro-food sector.

A method aimed to give **answer to the needs** of the **heads of the supply chain** and the **farms** in their supply chain. It is a **systemic approach** promoting an overall evaluation that:

- starts from an **analysis of the supply chain made with its head**;
- offers **tailor made loans** with refunds plans built **based on cash flows analysed with the head of the supply chain**;
- **considers the quality of the whole supply chain** not only the simple evaluation of the farms stand alone;
- **allows the comprehension of farms** considering relationships and financial cycles into the supply chain.



financial instruments capacity building Farming
Rural development funding agreement EU guidance
added technical support co-financing ex-ante assessment final
value seminars governance intermediaries recipients
leverage EAFRD fi-compass case studies
Agriculture thematic objectives Targeted coaching
business plan equity
advisory services RDP guarantees private investors
conferences banks revolving life cycle combination
fund of funds loans microfinance CAP of support
DG AGRI Agricultural products investment strategy factsheets
EIB Group