

# ISMEA AND THE GUARANTEE FUNDS

Madrid – June 2017

# AGENDA



ISMEA

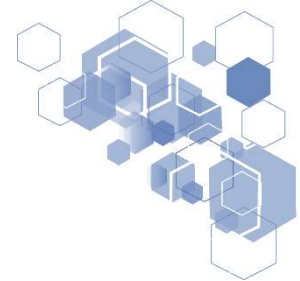
First call guarantee

Portfolio guarantee

Property of ISMEA which reserves all the rights



# ISMEA





Quantitative info about Italian and international rural markets



Supports young people to start a new activity up



Releases guarantees and disburses soft loans

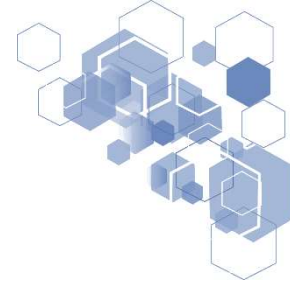


Tests innovative insurance products



Cooperates with the Ministry in implementing European Programmes (i. e., National rural network)

# FIRST CALL GUARANTEE FUND



# FIRST CALL GUARANTEE FUND



## Started-up in 2008

A preliminary  
assessment is  
needed

If the guarantee  
is granted then  
it cannot be  
cancelled or  
revoked

During the  
assessment the  
expected  
default rate is  
calculated and,  
on this basis,  
the guarantee  
fee is  
communicated  
to the borrower

## The guarantee

Short,  
medium  
or long-  
term loans

Cap

Up to 70% of  
the loan  
amount

1 million  
euros (micro  
and small  
enterprises)

2 million  
euros  
(medium  
enterprises)



# FIRST CALL GUARANTEE FUND



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Non aid scheme. The farmer pays a one time fee that is tuned to:

- The risk taken by the fund
- The loan maturity

The fee covers:

- Risk expenses (based on expected probability of default)
- Administrative costs (flat percentage set up yearly)
- Equity reduction remuneration (based on the European Commission communication)

State counter-guarantee:

- For ISMEA the State counterguarantee is foreseen by a decree
- The State surrogates the Guarantor (ISMEA) just in case of lack of financial resources
- It is meant as a 'last resort' guarantee
- No payment from the State is foreseen in case of guarantee cancellation or revocation





# PORTFOLIO GUARANTEES



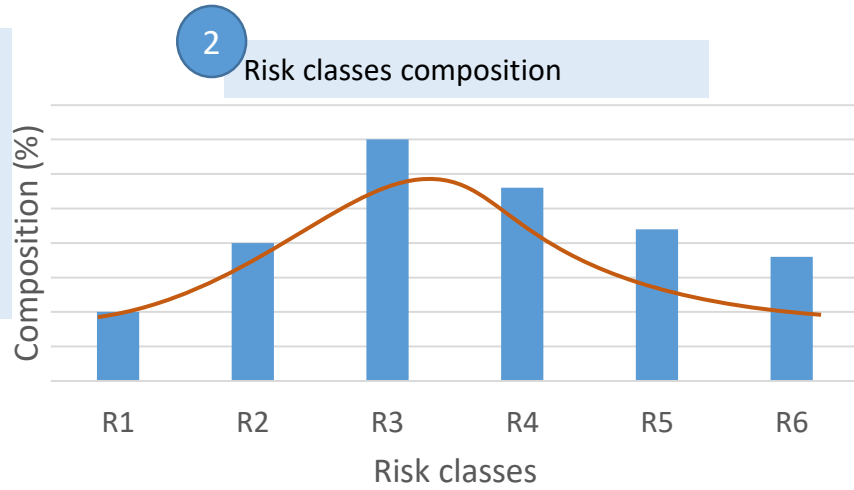
# PORTOFOLIO GUARANTEES (PROCESS)



Property of ISMEA which reserves all the rights

**1** Under the agreement (bank-guarantor)

- Loans' amount range
- Loans' maturity
- Portfolio size
- Portfolio cap

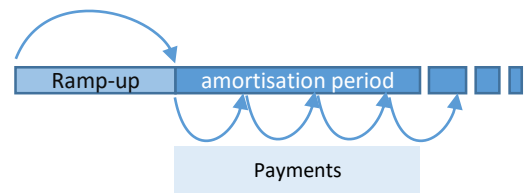
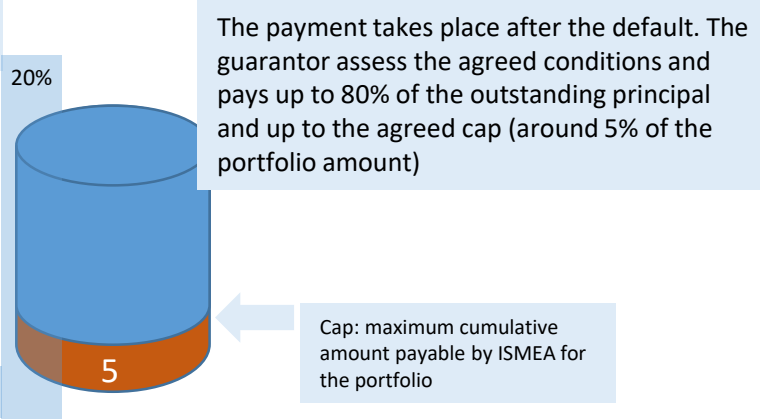


**3** Definition of:

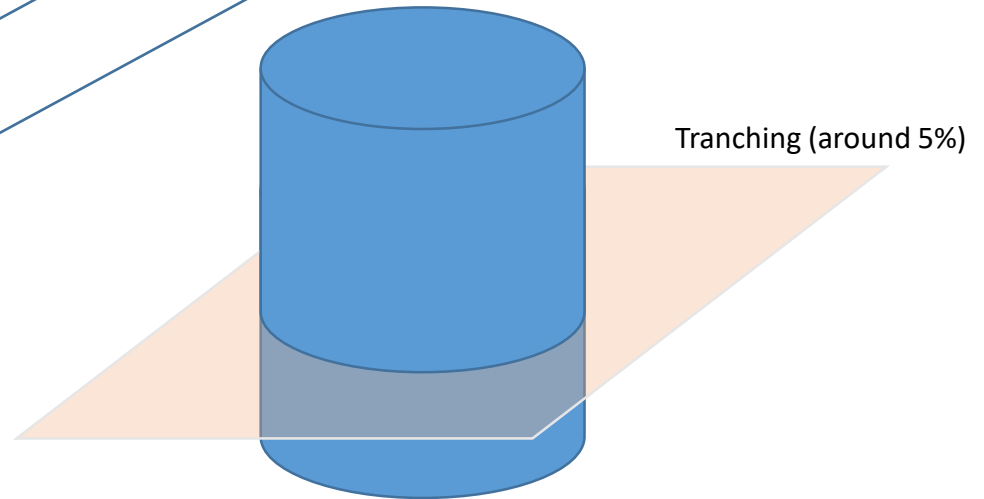
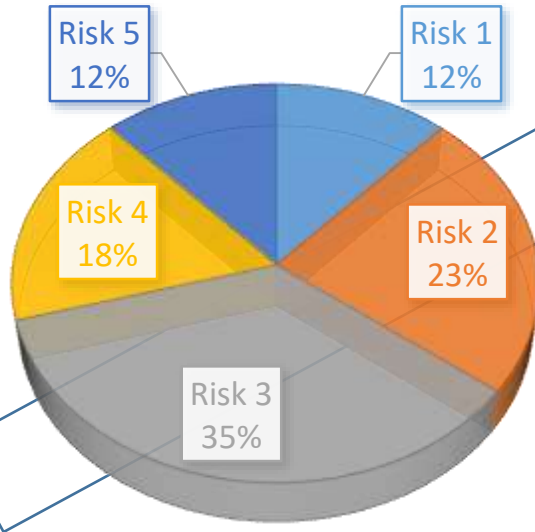
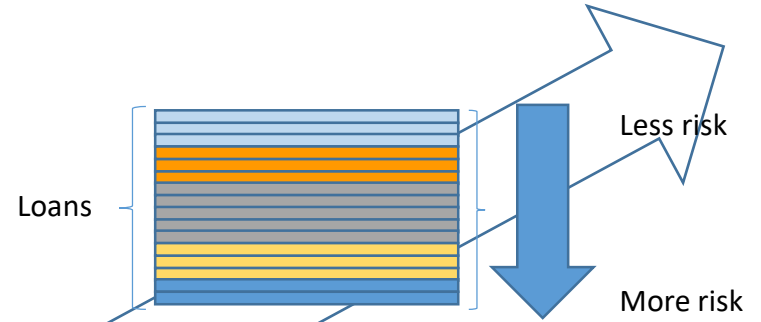
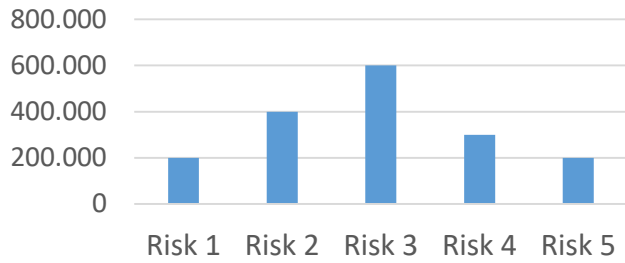
- Guarantee cost
- Conditions under which the guarantee can be paid

**4** Build-up period (grace period in which the loans are disbursed)

**5** Guarantee payment request at default time



# PORTFOLIO GUARANTEES



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# PORTFOLIO GUARANTEES

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Easier  
procedures

Reduced  
guarantee fee

Certainty about  
the payment  
conditions

Banks' capital  
relief





THANK YOU FOR YOUR ATTENTION

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