

LOANS and
GUARANTEES

Tranched Cover Piemonte

DETAILS

COUNTRY: Italy

REGIONAL COVERAGE: Piemonte

IMPLEMENTATION PERIOD: 2018-2020

LINK: www.finpiemonte.it/agevolazioni/fondo-tranched-cover-piemonte-2017

GOALS, RECIPIENTS, BENEFICIARIES

The objective is to promote access to credit and the provision of new finance for SMEs through a synthetic securitization, named “Tranched Cover Piemonte”, on some selected portfolios of Bank loans.

Thanks to the securitization, that involves a risk coverage through cash collateral, the Banks (Originators) can provide loans to Small and Medium Enterprises with medium-low ratings, without compromising the portfolio rating.

The risk coverage is provided with cash collateral on a “junior tranche” (first losses) by the public entity and on a “mezzanine tranche” by one or more mutual guarantee institutions/funds.

The beneficiary of the Fund is Finpiemonte S.p.A., intermediate body for ERDF in Piemonte.

The final recipients are SMEs: active and registered; that carry out an activity included among those eligible for Reg 1407/13 (“de minimis”); not the subject of protests and/or prejudicial registrations; not “undertaking in difficulty” (art. 2 par. 18 of Reg. EU 651/2014).

ELIGIBLE PROJECTS / EXPENSES

Development projects, even aimed at starting-up a new business, to be started after submitting the application for the loan.

The development project of SMEs can include:

a) *investment costs in tangible and intangible assets*

- machinery
- equipment
- HW and SW
- patent and intellectual property

b) *capitalization of the company*

- capital contribution of current shareholders
- capital contribution of new shareholders
- transfer of shareholder financing to equity

c) *working capital, inventory, and liquidity needs*

- stock financing
- salaries
- energy costs
- lease payments and rental fees

SUPPORT

Unsecured loan at a fixed or variable rate, lower than the market rate, including the maximum spread that the bank is bound to respect, due to the public guarantee.

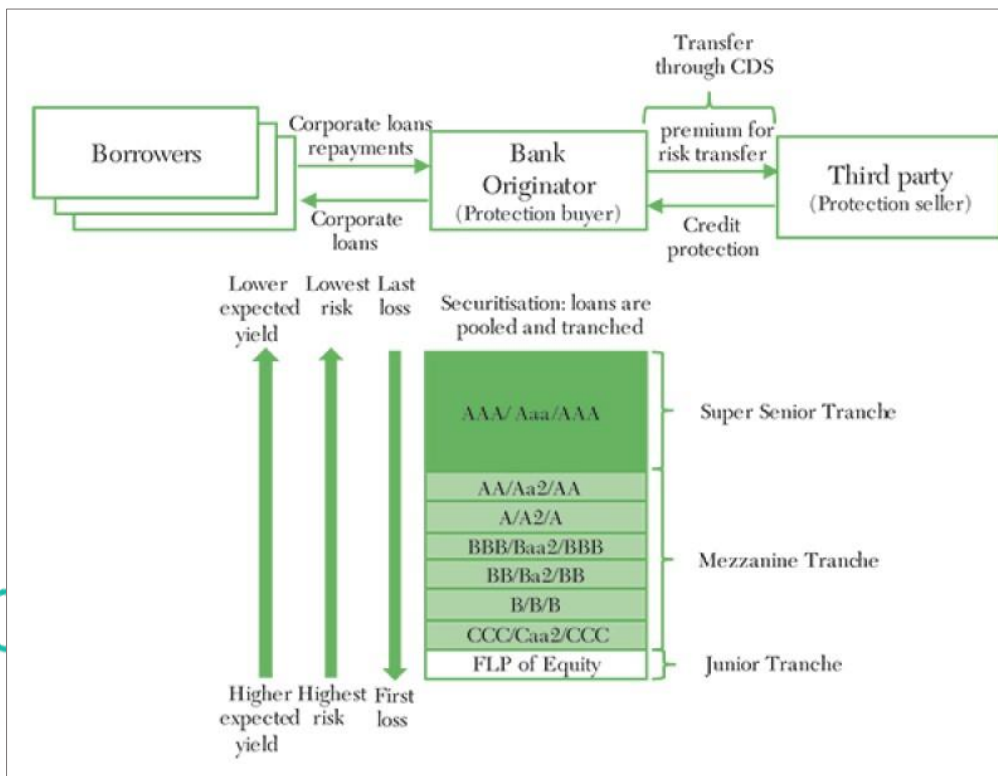
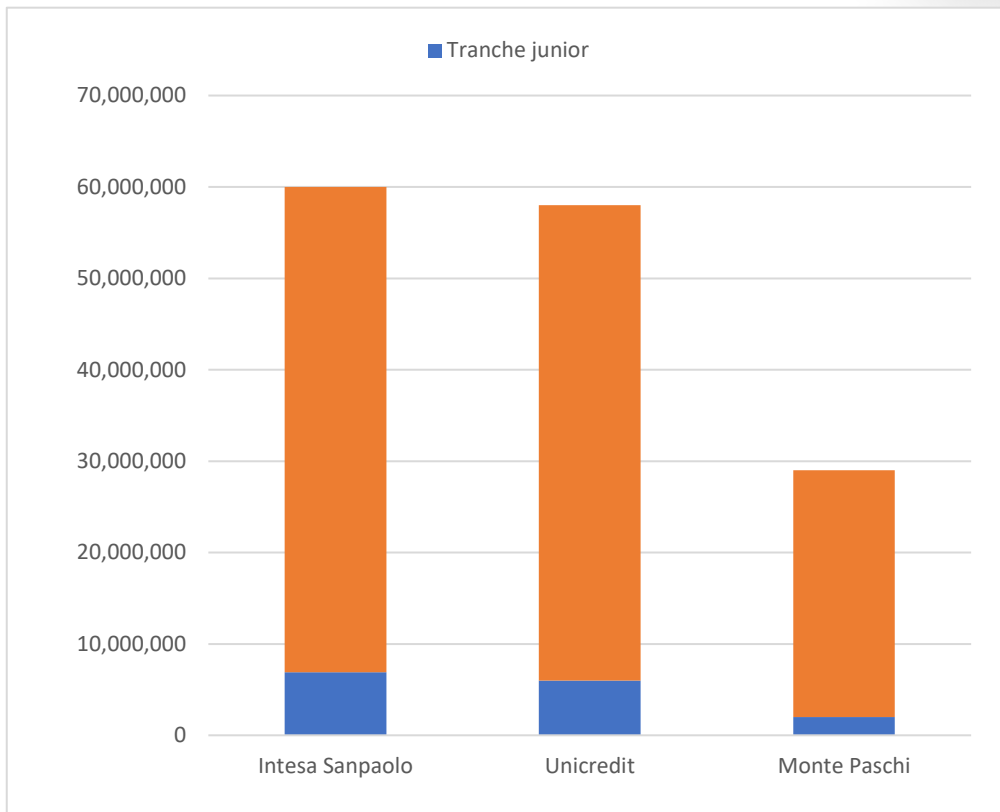
Duration and guarantee coverage:

- min. 36 months and max of 60 months + more possible pre-amortization (for productive and infrastructural investments and company capitalisation);
- min. 18 months and max 36 months + possible pre-amortization (for needs of working capital, inventories and liquidity).

Line A: loans > €150.000 supported only by public guarantee.

Line B: loans between €10.000 and €100.000 assisted both by public guarantee and by that of the mutual guaranteed institution.

Loans between €100.000 and €150.000 can be supported by the public guarantee or by both guarantees, based on the Bank's choice.



PROCEDURE

Setting up procedure

The intermediate body has to:

- 1) select the Originators and the partner mutual guarantee institution, considering:
 - ability to implement the instrument;
 - rates applied to the loans;
 - level of required junior tranche;
 - range of SMEs included in the portfolio (in terms of rating);
 - portfolio diversification (SMEs rating and size);
 - size of the target portfolio.
- 2) assign the cash collateral sums to the selected originators, proportionally to the size of each portfolio expected portfolios.

The Banks selected by Finpiemonte were (Line A):

- Intesa Sanpaolo: Target portfolio: 60 €/Mln, Tranche junior 6,9 €/Mln
- Monte dei Paschi di Siena: Target portfolio: 29 €/Mln, Tranche junior 2 €/Mln
- Unicredit: Target portfolio: 58 €/Mln, Tranche junior 6 €/Mln

SMEs access procedure

- SMEs submit the request for loan to the bank
- the bank proceeds with the evaluation
- the bank grants the loan and, if eligible to the portfolio, applies the best conditions, including it in the securitization.

STATUS and RESULTS

2 calls were opened between 2018 and 2020, more than 250 €/Mln of loans were granted to SMEs. More than 500 SMEs were supported in 3 years.

REMARKS

- ➔ The guarantee with cash collateral (securitization) is more appreciated by financial intermediaries because it allows them to improve the rating of the portfolio, unlike the traditional guarantee.
- ➔ The securitization is concretely practicable by intermediaries who have Internal rating - based approach, IRB.

CONTACTS

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