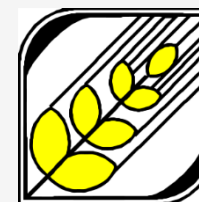




RURAL CREDIT GUARANTEE FUND – NFI

31st MAI , MADRID



FONDUL DE GARANTARE A
CREDITULUI RURAL – IFN S.A.



General presentation RCGF NFI-S.A.

- **An EC initiative, established in 1994 under the Phare RO 9204**

- **Joint stock company – shareholders : MARD (0.007%) and three commercial banks BCR, BRD-GSG and Raiffeisen Bank (99,993 %)**

- **Non-banking financial institution – under National Bank of Romania supervision**

- **Resources – EC allocation of 9 mil. euro.**
 - **– sources allocated from the National budget.**
 - **– guarantee schemes financed through National Rural Development Plan .**

- **Member of AECM since 2001**



The objectives of the Rural Credit Guarantee Fund NFI S.A.

Support for EU funds absorption

Boosting access of private farmers, private SME who are processing agricultural products and RDP beneficiaries to loans and other financial instruments

Facilitating access to private investors to finance agri-food sector by providing guarantees for loans granted by the financing institutions to finance production, inventory, working capital and other investments in this sector and co-financed from EU funds

Formation and strengthening the family farms

Development of agricultural properties

Developing partnerships with financial institutions to facilitate access to financing for beneficiaries of EU funds allocated to Romania by NRDP, for farmers, processors of agricultural products and farm family

Financial Instruments in NRDP 2007-2013

RO introduced 2 guarantee schemes under NRDP designed to facilitate access to credit for RDP applicants in order to **co-finance their investment projects**

- Implemented on the basis of Art.50-52 of Regulation (CE)no.1974/2006 and Commission Notice 2008/C155/02;
- compliant with state aid rules;
- Operational since April2010.
- RCGF it was named as scheme administrator selected through an open public procurement procedure

Guarantee schemes financed from NRDP

Guarantee scheme for agriculture

- Allocated amount to RCGF- EUR 97,1mil.;
- Target market and guarantees portfolio ;
 - Beneficiaries of measure 121 - modernisation of agricultural holdings;
 - Beneficiaries of measure 123 - increasing the added value of agricultural and forestry products, without state aid schemes;

Guarantee schemes for SMEs

- Allocated amount to RCGF - EUR 18,2 mil.;
- Target market and guarantees portfolio ;
 - Beneficiaries of measure 312 - stimulating the setting-up, growth and development of enterprises;
 - Beneficiaries of measure 313 - encouraging rural tourism - building a rural pension and associated fencing;
 - Beneficiaries of measure 123 - state aid schemes dedicated to “stimulate SMEs processing agricultural products for obtaining food products ” and to “stimulate micro-companies in primary processing of wood and non-wood forestry products”.

Beneficiary

- SME's located in rural areas, processing companies, start-ups
- Farmers & family
- Agricultural associations
- Public authorities



Description of the guarantee schemes

- had a limited operational period, until 31.XII.2015.
- the amounts allocated to the scheme was not divided into regions, they not provide regional differences.
- provide guarantees under favorable market conditions.
- use the guarantee premium based on the risk exposure of the beneficiary, except the beneficiaries of measures 121 and 123 receiving a single first premium, established annually by MARD.
- facilitates larger volumes of for financing the projects than the amounts provided as grants.
- Improve the financial situation of the beneficiary.



Description of the guarantee

- The guarantee covers max. 80 % of the loan;
- The guarantee is explicit, irrevocable and unconditional. Payable within 15 days of the first written demand of the bank;
- Guarantee fee payed by the client;
- It is granted only as completion of the client's guarantees;
- The validity of the guarantee can be at least most equal to the duration of the loan, plus a period of up to 60 calendar days;
- The guaranteed amount decrease proportionally with the reimbursed loan;
- Do not include elements of state aid.
- The maximum value of guarantee cannot exceed the equivalent of EUR 2.5 mil.
- The guarantee currently comply with the Community legislation on conditions that exclude the existence of State aid;



Advantages using the Fund's guarantee

A. Concerning the beneficiaries :

- Access to finance of beneficiary eliminating the main cause of rejection of credit demand (lack of guarantees);
- Improvement in lending conditions;
- Cost reduction of collateral registration (evaluation fee, mortgage fee) ;
- Optimization, greater flexibility of finance required from the banks, without presenting additional own guarantees;
- Min. 7 days time savings to the use of mortgage guarantees.

B. Concerning the financial institutions :

- Increase the possibility to explore a new market;
- Reduction of bank risk exposure (credit risk mitigation);
- Substantial risk sharing - up to 80 % coverage
- No realization cost of guarantee/quick repayment 15 day from the initiation of legal procedure by the bank/foreclosure// no collateral eligibility issues
- In the case of credit lines, the credit amount already allowed to a solvable client could be increased without asking for additional material guarantees;



Eligibility criteria

For the guarantee, the borrower must meet cumulative the following eligibility criteria to guarantee application date :

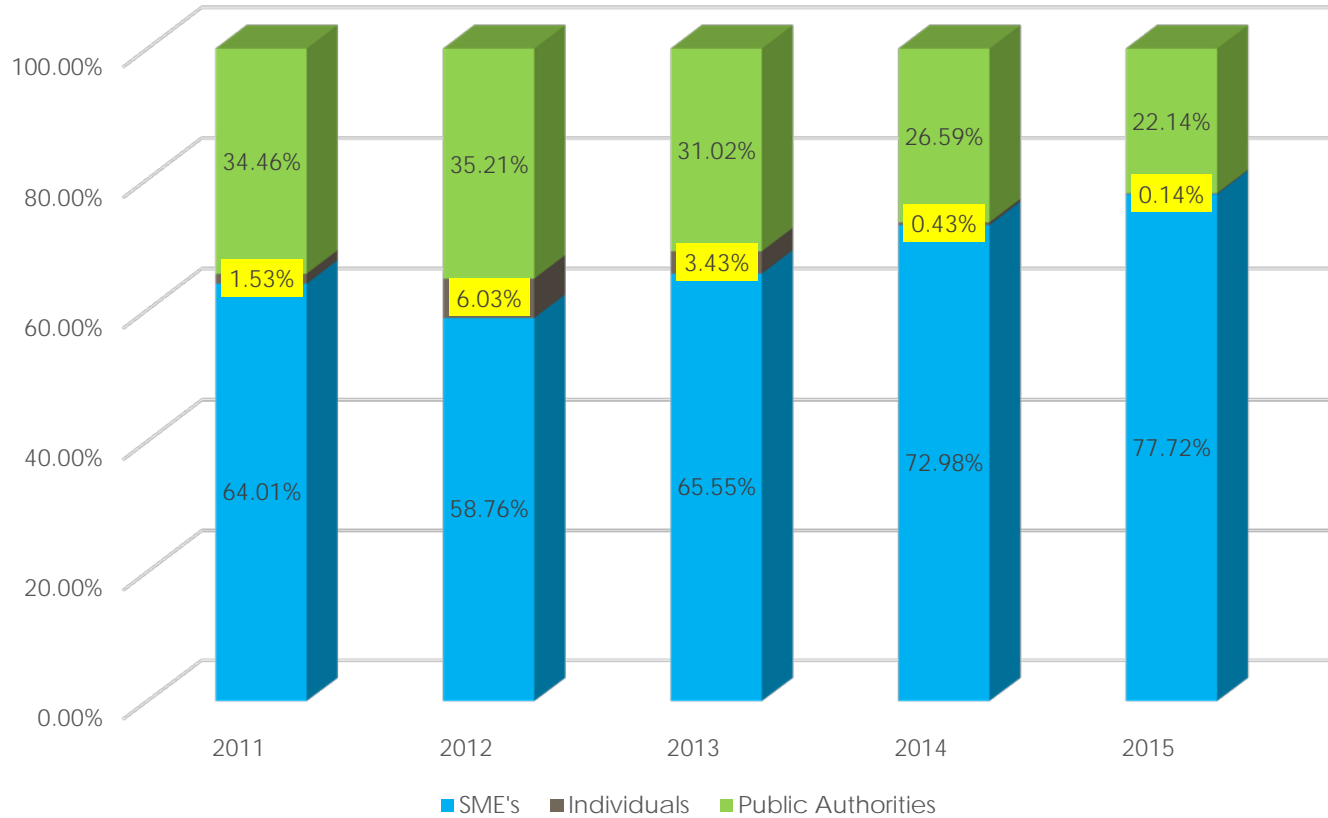
- submit a grant contract concluded with Funding Agency for Rural Investments (FARI);
- the beneficiaries are not in financial difficulty;
- the beneficiaries has no overdue debt to other banks and if the financing institution confirms reimbursement until guarantee is approved;
- in case of legal persons, not register the overdue debt to the state budget
- has not been established insolvency procedure/ foreclosure
- to provide collateral to the financing institutions which together with RCGF's guarantee covers the entire approved credit and the interest.
- to fall under NBR regulations, in the category of standard risk / in observation / substandard and / or, where appropriate, to fit in a rating category that allows the guarantee;



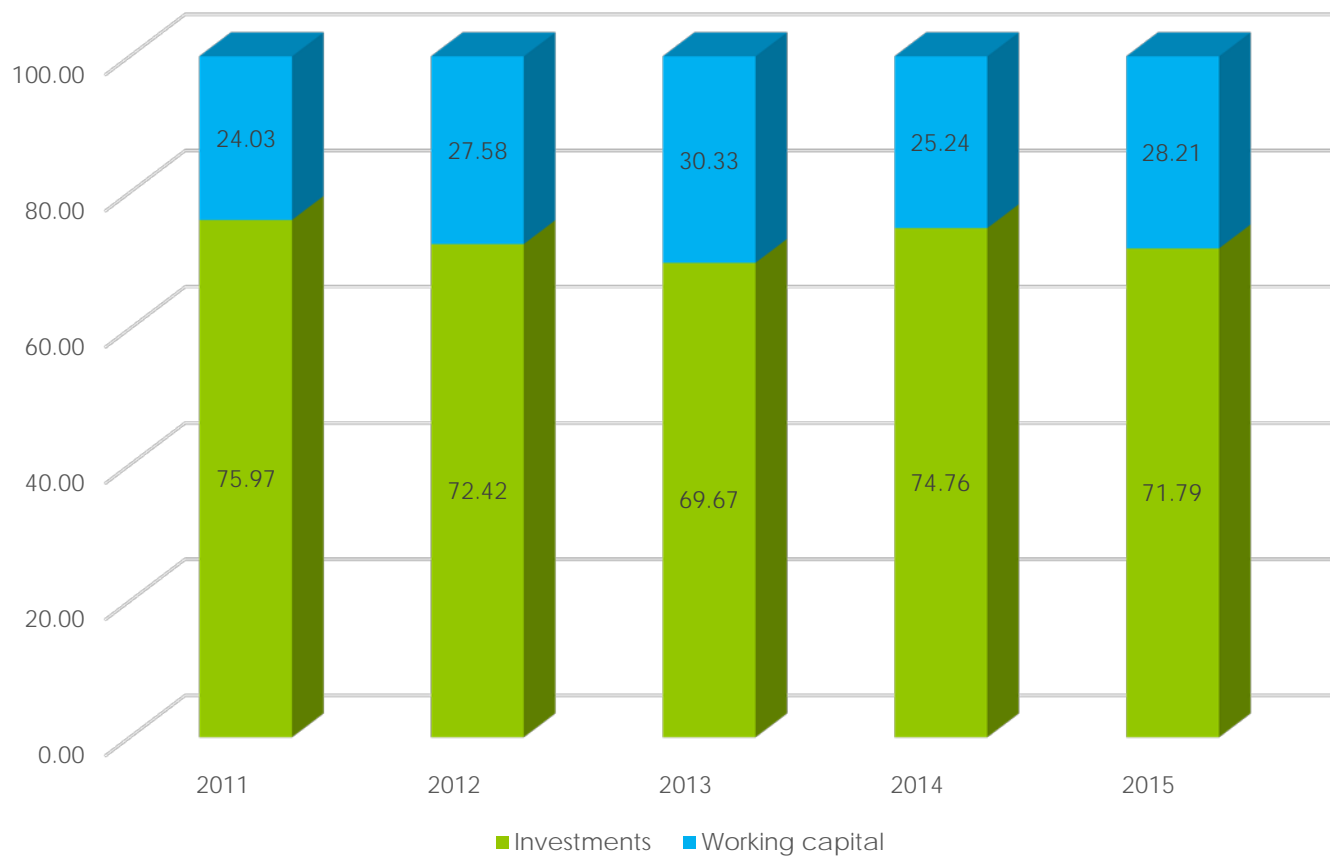
NRDP 2007-2014 IMPACT (mil Euro)

Allocated capital	115,31 euro
Eligible Guarantee (2010 – 2015)	265,8 euro
Loan Volume NRDP	534,1 euro
Leverage	2,3 times
Closed guarantee	54,6%
Paid guarantee	8,73%
Outstanding at 31.12.2015	97,6 euro
Execution report as of 31.12.2015	
Allocated capital for the outstanding losses coverage (ex-ante)	18,5 euro
Capital to be used by MADR for 2014 - 2020	96,7 euro

Guarantee granted 2011-2015 %



Guarantee granted 2011-2015 by destination (%)





Partnerships

- 26 commercial banks ;
- Farmers ;
- processors of agricultural products;
- other beneficiaries of EU funds allocated to Romania by NRDP.



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***THANK YOU
FOR ATTENTION !***