



Banca Popolare di Sondrio

PRESS RELEASE

BANCA POPOLARE DI SONDRIO SELLS € 242.5 MILLION OF BAD LOANS THROUGH MULTI-ORIGINATOR SECURITIZATION "LUZZATTI POP NPLS 2022": THE GROUP'S GROSS NPL RATIO ESTIMATED TO BE IN 4.5% AREA

As part of a broader program of interventions on impaired loans and in line with the derisking and asset quality improvement strategy, on December 29, 2022 Banca Popolare di Sondrio S.p.A. concluded - together with 14 other participating institutions - the multi-originator securitization transaction of non-performing loans called "LUZZATTI POP NPLS 2022," with a total gross book value of € 545 million.

Specifically, the institution sold, with economic effect from January 1, 2022, a portfolio of non-performing loans with a gross value of € 242.5 million to the securitization vehicle called "Luzzatti POP NPLS 2022 S.r.l." established pursuant to Law No. 130/1999, which, in turn, issued, with respect to Banca Popolare di Sondrio, three tranches of ABS notes totaling € 65.71 million (27.09% of the gross value of the transferred loans), of which:

- a senior tranche amounting to € 56 million, corresponding to 23.09% of the gross value of the assigned loans, which has been assigned ratings of Baa1 and BBB+ by Moody's and Arc Ratings agencies, respectively. The tranche in question, retained by Banca Popolare di Sondrio S.p.A., has structural features of eligibility for GACS and if this state guarantee is reintroduced the participating banks will consider availing themselves of it;
- a mezzanine tranche amounting to € 8.29 million, corresponding to 3.41% of the gross value of the assigned receivables;
- a junior tranche amounting to € 1.42 million, corresponding to 0.59% of the gross value of the assigned receivables.

In order to achieve the deconsolidation of the assigned loans, in accordance with the applicable industry regulations, the 95% of the mezzanine and junior tranches, respectively, were successfully placed with institutional investors. The Bank will, therefore, be able to achieve derecognition of the portfolio of transferred bad loans.

Following the accounting deconsolidation of the portfolio, in line with the business plan, the Group's gross NPL ratio of 5.2% as of September 30, 2022, is estimated to be in the 4.5% area after the transaction.

The transaction was coordinated by Luzzatti S.c.p.a; Intesa Sanpaolo S.p.A. - IMI Corporate & Investment Banking Division acted as arranger and placement agent; Prelios Credit Servicing and Fire were appointed special servicer of the transferred portfolio; Prelios Group's Master Division will also act as master servicer; legal advisors Orrick Herrington & Sutcliffe LLP for the participating Banks and Chiomenti Studio Legale for the arrangers participated in the transaction; finally, Banca Finint as noteholders' representative, back-up servicer, calculation agent and corporate services provider as well as BNP Paribas as account bank, agent bank, cash manager and paying agent participated in the transaction.

Also with the completion of this transaction, the Bank confirms its operational strength and ability to deal with the contingencies of an increasingly changing market; this is done in safeguarding the interests of all stakeholders and with the confidence provided by the ample margins of capital at its disposal, guaranteeing the continued development of the business and support for the territories in which it operates.

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