

Co-operative Society by shares - founded in 1871
Head office and general management: I - 23100 Sondrio So - Piazza Garibaldi 16
Registered in the Register of Companies of Sondrio at no. 00053810149
Registered in the Register of Banks under no. 842.
Parent Bank of the Banca Popolare di Sondrio Banking Group, registered in the Register of Banking Groups under no. 5696.0
Registered in the Register of Cooperative Societies under no. A160536
Member of the Interbank Deposit Protection Fund
Tax code and VAT number: 00053810149
Share Capital € 1,360,157,331 - Reserves € 1,253,388,214
(data approved by the Shareholders' Meeting of 11/5/2021)

PRESS RELEASE

The securitization called “POP NPLS 2021” has been completed. The transaction was carried out through a multi-originator sale of a portfolio of bad loans for a total gross book value of € 789.2 million, of which € 420.9 million referable to Banca Popolare di Sondrio S.C.p.A. - The guarantee of the Italian State (“GACS”) will be requested on the senior tranche.

On 23 December 2021, Banca Popolare di Sondrio S.C.p.A., as part of a broader program of actions on impaired loans and in line with the derisking strategy and improvement of asset quality, concluded - together with 11 other participating banks - the securitization of non-performing loans called "POP NPLS 2021".

In particular, the bank sold, with economic effect from January 1, 2021, a portfolio of bad loans with a gross value of € 420.9 million (57% of which are secured loans) to the securitization vehicle called "Luzzatti POP NPLS 2021 S.r.l." set up pursuant to Law no. 130/1999, which, in turn, issued three tranches of ABS notes to Banca Popolare di Sondrio for a total of € 115.622 million (27.47% of the gross value of the receivables sold), of which:

- a senior tranche, which was assigned a BBB rating by the agencies DBRS Morningstar and Arc Ratings, amounting to € 97.715 million, corresponding to 23.21% of the gross value of the receivables sold. The tranche in question, retained by Banca Popolare di Sondrio S.C.p.A., has structural characteristics that make it eligible for GACS;
- a mezzanine tranche, equal to € 12.791 million, corresponding to 3.04% of the gross value of the receivables assigned;
- a junior tranche of € 5.116 million, corresponding to 1.21% of the gross value of the assigned receivables.

In order to obtain the deconsolidation of the transferred receivables, in accordance with the applicable sector regulations, 95% of the mezzanine and junior tranches respectively were placed with institutional investors. As a consequence, the Bank will be able to achieve derecognition of the portfolio of non-performing loans sold.

Following the accounting deconsolidation of the portfolio, the Bank's gross NPE ratio, which stood at 7.5% as at 31 December 2020, after the operation is estimated to be between 5 and 6%.

The transaction was coordinated by Luzzatti S.c.p.a; J.P. Morgan Securities plc and Banca Akros S.p.a. acted as arranger and co-arranger respectively; doValue S.p.a. was appointed as special servicer of the transferred portfolio while Zenith Service will act as master servicer; KPMG Advisory S.p.A. acted as industrial advisor of the transaction.

Also involved in the transaction as legal advisors were Studio Legale Cappelli RCCD for the participating banks, Orrick Herrington & Sutcliffe LLP and Chiomenti Studio Legale for the arrangers.

Lastly, Bnp Paribas Securities Services collaborated in the transaction as agent of the securitisation vehicle and 130 Servicing as representative of the noteholders and backup master servicer.

This operation is an integral part of the broader derisking strategy defined by the Bank, which has significant capital buffers at its disposal to guarantee continuous business development and support for the territories. This is a confirmation of the Bank's ability to express its operational capacity by reacting effectively to external challenges and market contingencies, meeting the needs of its customers; while safeguarding the interests of all stakeholders.

Sondrio, 27 December 2021

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