



# Banca Popolare di Sondrio

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 € 1,157,414,409  
(data approved by the Shareholders' Meeting of 12/6/2020)

## PRESS RELEASE

**The securitization called "POP NPLS 2020" 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 € 919.9 million, of which € 371.8 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.**

As part of a broader program of interventions on impaired loans and in line with the derisking strategy and improvement of assets quality, Banca Popolare di Sondrio S.C.p.A. today concluded - together with 14 other participating banks - the securitization of bad loans called "POP NPLS 2020".

In particular, the Institute sold, with economic effect from 1 January 2020, a portfolio of bad loans with a gross value of € 371.8 million (composed of 71% of secured loans) to the securitization vehicle called "POP NPLs 2020 Srl", established pursuant to Law no. 130/1999, which, in turn, issued three tranches of ABS notes for a total of € 125.69 million (33.8% of the gross value of the loans sold), of which :

- a senior tranche, rated BBB by the agencies DBRS Morningstar and Scope Ratings, equal to € 109.78 million, corresponding to 29.5% of the gross value of the loans sold. The tranche in question, retained by Banca Popolare di Sondrio S.C.p.A., has structural characteristics of eligibility for the GACS;
- a mezzanine tranche, equal to € 11.36 million, rated CCC by DBRS Morningstar and CC by Scope Ratings, corresponding to 3.1% of the gross value of the loans sold;
- a junior tranche equal to € 4.55 million, corresponding to 1.2% of the gross value of the loans sold.

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95% of each of the mezzanine and junior tranches was placed with institutional investors, while the remaining 5% is kept by Banca Popolare di Sondrio. In this way, in compliance with current regulatory obligations, the accounting and regulatory deconsolidation of the transferred portfolio will follow, thanks to which the Bank's pro-forma gross NPE ratio is estimated to reach 8%, down by 1 percentage point compared to 9% registered at 30 September 2020.

Following the accounting deconsolidation of the portfolio, the Bank's pro-forma gross NPE ratio is estimated to be in the area of 8%, down by 1 percentage point compared to the 9% recorded on 30 September 2020.

The transaction was coordinated by Luzzatti S.c.p.a.; J.P. Morgan Securities plc and Banca Akros S.p.a. acted as *Co-arrangers*; Credito Fondiario S.p.a. and Fire S.p.a. were appointed servicers of the transferred portfolio; KPMG Advisory S.p.a. acted as industrial advisor.

Studio Legale Cappelli RCCD for the Originators, Orrick Herrington & Sutcliffe LLP and Chiomenti Studio Legale also participated in the transaction as legal consultants for the arrangers.

Finally, Bnp Paribas Securities Services and Banca Finanziaria Internazionale S.p.a. collaborated in the transaction as agents of the securitization vehicle.

Thanks to the completion of this sale, the Bank accomplishes the previously stated objective of achieving a significant reduction in the stock of impaired loans without jeopardizing its own capital solidity and the possibility of supporting the development of the business in support of the territories covered.

*"After the completion of the Diana transaction in June, which had allowed us to deconsolidate approximately € 1 billion of non-performing loans - **declares the Chief Executive Officer Mario Alberto Pedranzi** - today we are pleased to announce the sale of a further substantial portfolio of non-performing loans of gross value of approximately € 370 million. This sale, envisaged in the Strategic Plan to supplement the internal NPLs processing activity, should have been completed in 2021. Despite the context, marked on a social and economic level by the heavy consequences of the coronavirus epidemic, we have succeeded, anticipating the times and demonstrating once again that the bank has adequate operational capabilities to face even unexpected challenges. We are also pleased to underline how the operation took place successfully within a multi-originator structure which, with the decisive support of the Luzzatti S.c.p.a company, saw the involvement of numerous banks. It is proof that even independent realities can unite and create a system, obtaining, thanks to economies of scale, mutual and tangible advantages".*

Sondrio, 23 December 2020

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