

## PRESS RELEASE

- **Sale of a portfolio of bad loans, called "SPRING", for a gross book value of € 1.2 billion through a securitisation for which the Italian State guarantee will be requested on the senior tranche of the notes ("GACS")**
- **Substantial de-risking of the BPER Group continues successfully, with a gross stock of bad loans returned to pre-crisis levels, so down by about 70% in the last four years**
- **Pro-forma gross NPE ratio based on March 2020 figures expected to drop significantly to 9.3%**

Modena, 18 June 2020. BPER Banca would like to announce that it has completed the securitisation of a bad loan portfolio called "SPRING", planned as part of a wider de-risking action and improvement of asset quality of the BPER Group.

A portfolio of bad loans for a gross book value of € 1.2 billion at 30 September 2019 has been sold by BPER Banca and its subsidiaries Banco di Sardegna and Cassa di Risparmio di Bra ("Selling Banks") to "SPRING SPV Srl", a special purpose securitisation vehicle set up pursuant to Law 130/99 (this gross book value compared with gross amount due, at the same date, of € 1.4 billion, made up 57% of secured loans and 43% of unsecured loans). The sale price of the portfolio took place at values substantially in line with the carrying amounts shown in the books of the Selling Banks.

In exchange for the sale, the SPV issued three different classes of securities for a total of € 343.4 million:

- a senior tranche, amounting to € 320.0 million, corresponding to 26.2% of the gross carrying amount, to which the investment grade ratings were assigned Baa1 by *Moody's* and BBB by *Scope Ratings*;
- a mezzanine tranche, equal to € 20.0 million;
- a junior tranche, equal to € 3.4 million.

The senior securities have a coupon rate of 6-mth Euribor + 50 bps and will be subscribed and retained by the Selling Banks. The GACS State guarantee will be requested for these in the next few days.

*This is a translation into English of the original in Italian. The Italian text shall prevail over the English version.*

As required by the GACS legislation, in order to deconsolidate the assets transferred to the SPV, 95% of the mezzanine and junior tranches will be placed with institutional investors: only at the end of this process, the BPER Group will be able to achieve derecognition of the "SPRING" portfolio, also for supervisory purposes.

Having said this, following the derecognition of the bad loans portfolio for accounting purposes, the gross NPE ratio of the BPER Group, calculated pro-forma on the figure for the first quarter of 2020, is estimated at 9.3%, a significant reduction of 1.8 percentage points compared with 11.1% in March 2020. Further positive effects are expected on the Texas ratio, estimated at 72.5%, down by more than 6.5 percentage points compared with March 2020, and on the risk-weighted assets (RWA) for the bad loans sold.

"SPRING" is the Group's third securitisation of bad loans backed by a GACS state guarantee, after "4Mori Sardegna" and "AQUI", which together with the sale of a portfolio to UnipolRec for approximately € 1.0 billion last year, bring the total gross book value of the massive disposals of bad loans to around € 5.0 billion in the past two years.

As part of the "SPRING" transaction, JP Morgan and Société Générale acted as Co-Arrangers, while Prelios Credit Servicing has been appointed as Master and Special Servicer.

Legal advice has been entrusted to the law firms Orrick, Herrington & Sutcliffe and RCCD, acting respectively as Co-Arranger and Originator.

Securitisation Services and BNP Paribas Securities Services also collaborated in this operation.

BPER Banca S.p.A.

This press release is also available in the 1INFO storage device.

*Contacts:*

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**Investor Relations**

**Gilberto Borghi**

Tel: (+39) 059/202 2194

[gilberto.borghi@bper.it](mailto:gilberto.borghi@bper.it)

**Special Projects**

**Elena Peri**

Tel: (+39) 059/202 2713

[elena.peri@bper.it](mailto:elena.peri@bper.it)

**External Relations**

**Eugenio Tangerini**

Tel: (+39) 059/202 1330

[eugenio.tangerini@bper.it](mailto:eugenio.tangerini@bper.it)

[www.bper.it](http://www.bper.it) – <https://istituzionale.bper.it/>

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