

## **PRESS RELEASE**

- **Sale of a bad loan portfolio called "AQUI", mainly belonging to BPER Banca, concluded by means of a securitisation for a gross book value of € 1.9 billion, backed by a guarantee on the senior tranche to be requested from the Italian State ("GACS")**
- **Bad loan securitisation completed according to schedule, as part of the BPER Group's NPE Strategy 2018-2020**

*Modena, 7 November 2018.* BPER Banca would like to announce that it has concluded its securitisation of the "AQUI" bad loan portfolio as part of a broader programme of derisking and improvement of asset quality of the BPER Group ("NPE Strategy 2018-2020").

In particular, it has sold a portfolio of bad loans with a gross book value of € 1.9 billion (against a gross amount due of € 2.1 billion, consisting of secured loans for 59.5% and unsecured loans for 40.5%) with effect on the income statement from 1 January 2018. The portfolio was sold to "AQUI SPV Srl", a special purpose securitisation vehicle set up under Law 130/99, issuing in exchange three different classes of securities for a total of € 618.4 million:

- a senior tranche, € 544.7 million, corresponding to 28.7% of the gross book value, to which investment grade ratings have been assigned: Baa3 by Moody's and BBB- by Scope Ratings;
- a mezzanine tranche of € 62.9 million;
- a junior tranche of € 10.8 million.

The senior securities have a coupon equal to 6-month Euribor + 50 bps and will be subscribed and retained by the Originator BPER Banca. For these, the process of requesting the GACS State guarantee will be activated in the next few days.

As required by the legislation on GACS, to be able to deconsolidate the assets transferred, 95% of the mezzanine and junior tranche will have to be placed with institutional investors: at the end of this process, the BPER Group will achieve derecognition of the "AQUI" portfolio for supervisory purposes.

Following the book deconsolidation of the "AQUI" portfolio, the pro-forma NPE ratio of the BPER Group, compared with the figure at 30 June 2018, namely 17.4%, is put at 14.4%, a reduction of 3 p.p..

The BPER Group's NPE Strategy 2018-2020 envisages the sale of bad loans at a Group level for a total gross book value of between € 3.5 and € 4.0 billion over 3 years, of which approximately € 3.0 billion through two securitisations. Today's "AQUI" sale completes the securitisation programme originally envisaged by the plan, together with the first operation called "4Mori Sardegna" carried out last June for a gross amount of € 900 million (against a gross amount due of € 1.0 billion), for which the GACS State guarantee has already been obtained.

In the AQUI operation, Mediobanca and J.P. Morgan acted as Arrangers, while Prelios Credit Servicing was appointed Master and Special Servicer.

Legal advice was provided by Chiomenti and Orrick, Herrington & Sutcliffe for the Arranger and Originators, respectively.

Advice and assistance were also provided by Securitisation Services, BNP Paribas Securities Services and Zenith Service.

BPER Banca S.p.A.

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

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

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