

SUPPLEMENT DATED 28 MARCH 2018

TO THE BASE PROSPECTUS DATED 15 JANUARY 2018



**Banca Popolare
di Sondrio**

Fondata nel 1871

BANCA POPOLARE DI SONDRIO S.C.P.A.

(incorporated as a co-operative limited by shares under the laws of the Republic of Italy and registered at the Companies' Registry of Sondrio under registration number 00053810149)

**Euro 5,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme
unconditionally and irrevocably guaranteed as to payments
of interest and principal by**

POPSO COVERED BOND S.R.L.

*(incorporated as a limited liability company in the Republic of Italy and registered at the
Companies'*

Registry of Treviso under registration number 04620230260)

IN ACCORDANCE WITH ARTICLE 7, PARAGRAPH 7, OF THE LUXEMBOURG LAW (AS DEFINED BELOW), THE *COMMISSION DE SURVEILLANCE DU SECTEUR FINANCIER* GIVES NO UNDERTAKING AS TO THE ECONOMIC OR FINANCIAL OPPORTUNENESS OF THE TRANSACTION OR THE QUALITY AND SOLVENCY OF THE ISSUER.

This supplement (the "**Supplement**") constitutes a supplement to the base prospectus dated 15 January 2018 (the "**Base Prospectus**"), for the purposes of Article 16 of Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**") and Article 13, paragraph 1, of the Luxembourg Law on Prospectuses for Securities dated 10 July 2005 (the "**Luxembourg Law**").

This Supplement constitutes a supplement to, and should be read in conjunction with, the Base Prospectus.

Capitalized terms used in this Supplement and not otherwise defined herein shall have the same meaning ascribed to them in the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Supplement has been approved by the *Commission de Surveillance du Secteur Financier*, which is the Luxembourg competent authority for the purposes of the Prospectus Directive and

the Luxembourg Law, as a supplement issued in compliance with the Prospectus Directive and relevant implementing measures in Luxembourg for the purposes of updating (i) the section entitled "*Risk Factors*" on page 9 of the Base Prospectus, (ii) the section entitled "*Information incorporated by reference*" on page 76 of the Base Prospectus further to the announcement made by means of the press release headed "*8 February 2018: Board of Directors' approval of consolidated preliminary results for the 2017 financial year*" published by the Issuer on 8 February 2018 (the "**Press Release**"), in respect of the approval of the preliminary consolidated results in respect of the financial year ended on 31 December 2017 by the Board of Directors of the Issuer, in order to incorporate by reference the Press Release and (iii) the section entitled "*The Issuer*" on page 175 of the Base Prospectus further to the announcement of the proposed capital increase of Euro 40,000,000 for possible acquisition of Cassa di Risparmio di Cento.

Save as disclosed in this Supplement, there has been no other significant new factor and there are no material mistakes or inaccuracies relating to information included in the Base Prospectus which is capable of affecting the assessment of Covered Bonds issued under the Programme since the publication of the Base Prospectus. To the extent that there is any inconsistency between (i) any statement in this Supplement and (ii) any statement in or incorporated by reference into the Base Prospectus, the statements in this Supplement will prevail.

Copies of this Supplement and all documents incorporated by reference in this Supplement and in the Base Prospectus may be inspected during normal business hours at the Specified Office of the Luxembourg Listing Agent and of the Representative of the Covered Bondholders.

Copies of this Supplement and all documents incorporated by reference in the Base Prospectus and in this Supplement are available on the Luxembourg Stock Exchange's website (www.bourse.lu).

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RISK FACTORS

On page 31 of the Base Prospectus, under the section headed “*Investment considerations relating to the Issuer*”, at the end of the paragraph headed “*Adverse regulatory developments*”, the following new subparagraph is added:

“In February 2018, the Basel Committee issued for consultation the updated framework of Pillar 3 requirements, which contains new or revised regulatory disclosure requirements. Such disclosure: (i) covers credit risk, operational risk, leverage ratio and credit valuation adjustment (CVA); (ii) benchmark a bank’s risk-weighted assets (RWA) as calculated by its internal models with RWA calculated according to the standardised approaches; and (iii) provide an overview of risk management, key prudential metrics and RWA.”

On page 42 of the Base Prospectus, under the section headed “*Investment considerations relating to the Issuer*”, under the paragraph headed “*The BPS Group may be subject to the provisions of the EU Recovery and Resolution Directive*”, after the third subparagraph the following new subparagraph is added:

“In the context of the EU Banking Reform, as for the amendments to the BRRD, the proposal of the European Commission resulted in the adoption of Directive (EU) 2017/2399 of 12 December 2017 amending the BRRD with regard to the ranking of unsecured debt instruments in insolvency hierarchy which was published in the Official Journal of the European Union on 27 December 2017 and must be transposed into national law by the Member States by 29 December 2018. In this regard, the Italian Law no. 205/2017, approved by the Italian Parliament on 27 December 2017, contains the implementing provisions pertaining to “non-preferred” senior debt instruments.”

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INFORMATION INCORPORATED BY REFERENCE

The following document which has previously been published and has been filed with the CSSF shall be incorporated, by virtue of this Supplement, by reference in, and forms part of, the Base Prospectus:

Document	Information Incorporated	Page Reference
<i>Press release “8 February 2018: Board of Directors’ approval of consolidated preliminary results for the 2017 financial year” (the “Press Release”)</i>	<i>Financial Statements</i>	Attachments from page 1 to page 3

Any other information not listed above but contained in the Press Release is not incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Base Prospectus.

The Issuer, being the person responsible for the information included in the Press Release, published by the Issuer on 8 February 2018 through its website (www.popso.it/cm/pages/ServeBLOB.php/L/EN/IDPagina/2223), has approved such information.

EY S.p.A., as independent auditor of the Issuer, has agreed that the financial information as at 31 December 2017 and for the year then ended included in the attachments from page 1 to page 3 of the Press Release, which has not been audited, is substantially consistent with the final figures to be published in the next annual audited consolidated financial statements of the Issuer for the year ended 31 December 2017.

The financial information included in the Press Release refers to a 12-month period ended on 31 December 2017 and therefore there are no assumptions or factors which the members of the administrative, management or supervisory bodies can influence.

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THE ISSUER

On page 175 of the Base Prospectus, under the section headed “*The Issuer*”, at the end of the paragraph headed “*Recent Developments*”, the following new subparagraph is added:

“On 25 March 2018 the Board of Directors of BPS approved to convene the extraordinary shareholders' meeting during April 2018 to approve up to Euro 40,000,000 capital increase to finance the acquisition of small savings bank Cassa di Risparmio di Cento S.p.A. (Cassa di Risparmio di Cento). BPS is in advanced negotiation with Fondazione Cassa di Risparmio di Cento S.p.A. (Fondazione Cassa di Risparmio di Cento) – that controls Cassa di Risparmio di Cento – and, should the parties agree the terms and conditions of the transaction, a binding agreement to purchase Cassa di Risparmio di Cento will be executed in coming weeks. The acquisition is expected to be carried out in two stages, with BPS initially purchasing 51% of Cassa di Risparmio di Cento from the Fondazione Cassa di Risparmio di Cento in exchange for BPS shares and, for a minor part of the purchase price, in cash. By 2020, BPS expects to increase its stake in Cassa di Risparmio di Cento at least to 67% and potentially up to 100%.”