

SUPPLEMENT DATED 28 SEPTEMBER 2018

TO THE BASE PROSPECTUS DATED 15 JANUARY 2018 SUPPLEMENTED ON 28 MARCH 2018 AND  
ON 14 JUNE 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 ("CSSF") GIVES NO UNDERTAKING AS TO THE ECONOMIC OR FINANCIAL OPPORTUNESS 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, as supplemented on 28 March 2018 and on 14 June 2018 (the "**Base Prospectus**"), for the purposes of Article 16 of Directive 2003/71/EC as amended (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 in order to (i) incorporate by reference in the Base Prospectus the Issuer's interim financial report as at and for the period ended on 30 June 2018 ("**Issuer's Interim Financial Report**"); (ii) incorporate by reference in the Base Prospectus the press release headed "*Banca Popolare di Sondrio communicates the acquisition of 100% of the social capital of Prestinuova S.P.A.*" published by the Issuer on 23 July 2018 (the "**Press Release**"); and (iii) update the sections entitled "*The Issuer*" and "*General Information*" included in the Base Prospectus in order to take into account certain recent developments in respect of the Issuer.

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](http://www.bourse.lu)).

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## INFORMATION INCORPORATED BY REFERENCE

### Issuer's Interim Financial Report

By virtue of this Supplement, the English language version of the Issuer's Interim Financial Report, which has previously been published and has been filed with the CSSF, is incorporated by reference in, and form part of, the Base Prospectus.

The Issuer's Interim Financial Report is available both in its original version in Italian and translated into English on the website of the Issuer ([www.popso.it/cm/pages/ServeBLOB.php/L/EN/IDPagina/2310](http://www.popso.it/cm/pages/ServeBLOB.php/L/EN/IDPagina/2310)) and, free of charge, during usual business hours on any weekday (except for Saturdays, Sundays and public holidays in Italy) at the registered office of the Issuer. The English language version represents an accurate and direct translation from the Italian language document, and where there is a discrepancy between the Italian and the English version, the former shall prevail.

The following table shows, *inter alia*, the information that can be found in the Issuer's Interim Financial Report incorporated into the Base Prospectus.

<i>Issuer's Interim Financial Report</i>	<i>As at 30 June 2018</i>
<i>Consolidated Balance Sheet</i>	<i>Pages 52-53</i>
<i>Consolidated Income Statement</i>	<i>Page 54</i>
<i>Statement of Consolidated Comprehensive Income</i>	<i>Page 55</i>
<i>Statement of Changes in Consolidated Equity</i>	<i>Pages 56-57</i>
<i>Consolidated Cash Flow Statement</i>	<i>Pages 58-59</i>
<i>Explanatory Notes</i>	<i>Pages 61-142</i>
<i>Review report on the interim condensed consolidated financial statements</i>	<i>Pages 144-145</i>

Any other information not listed above but contained in the Issuer's Interim Financial Report is not incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Base Prospectus.

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In addition, 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:

<b>Document</b>	<b>Information Incorporated</b>	<b>Page Reference</b>
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*Press release "Banca Popolare di Sondrio communicates the acquisition of 100% of the social capital of Prestinuova S.P.A." (the "Press Release")*

*Entire Document*

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## THE ISSUER

On page 164 of the Base Prospectus, under the paragraph headed "*Disclosure in respect of business segments*" the second subparagraph is deleted and replaced as follows:

*"As of 30 June 2018, the BPS Group had a total of 363 branches"*

\* \* \*

On page 164 of the Base Prospectus, under the paragraph headed "*Disclosure in respect of business segments*" the fifth subparagraph is deleted and replaced as follows:

'Distribution of the BPS Group's branches as of 30 June 2018:

	<i>No. of branches</i>	<i>%</i>
BPS	343	94.49
Banca Popolare di Sondrio (SUISSE)	20	5.51
Total	363	100

On page 173 of the Base Prospectus, at the end of the paragraph headed "*Regulatory Capital*", the following new subparagraph is added:

*"As at 30 June 2018, the BPS Group's capital ratios, were as follows: Common Equity Tier 1 ratio of 11.74 per cent., Tier 1 ratio of 11.79 per cent. and a Total Capital ratio of 13.56 per cent.*

*On a fully loaded basis as of 30th June 2018 BPS Group's capital ratios were as follows: Common Equity Tier 1 ratio of 11.63 per cent., Tier 1 ratio of 11.67 per cent. and a Total Capital ratio of 13.39 per cent."*

\* \* \*

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 23 July 2018, BPS announced the closing of the purchase by BPS of 100% of the share capital of PrestiNuova S.p.A. from Banca Popolare di Vicenza S.p.A. in Administrative Compulsory Liquidation."*

\* \* \*

Further to the incorporation of certain sections of the Issuer's Interim Financial Report the Base Prospectus contains some alternative performance measures, as defined by the European Securities and Markets Authority's Guidelines on Alternative Performance Measures (ESMA/2015/1415).

For such purposes, on page 180 of the Base Prospectus, at the end of the paragraph headed "Measures of profitability", the following new subparagraphs are added:

*"Cost to income ratio*

*Cost/Income ratio is a ratio of operating costs to total income derived from the income statement of the Issuer. Cost/income ratio is one of the primary indicators of efficiency of the Issuer. The higher the ratio is, the lower the profitability.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Operating costs</i>	<i>(255,022)</i>	<i>(480,894)</i>	<i>(489,335)</i>
<i>B. Total income</i>	<i>433,219</i>	<i>961,854</i>	<i>884,683</i>
<b>Cost to income ratio (A/B)</b>	<b>58.87%</b>	<b>50.00%</b>	<b>55.31%</b>

*Net interest income to total assets*

*The ratio shows the profitability of the lending activity.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Net interest income</i>	<i>249,702</i>	<i>238,819</i>	<i>489,922</i>	<i>474,250</i>
<i>B. Total assets</i>	<i>41,553,082</i>	<i>40,581,084</i>	<i>41,624,654</i>	<i>37,196,325</i>
<b>Net interest income to total assets (A/B)</b>	<b>0.60%</b>	<b>0.59%</b>	<b>1.18%</b>	<b>1.27%</b>

*Net financial income to total assets*

*The ratio shows the incidence of lending activity on total assets.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Net financial income</i>	<i>8</i>	<i>7</i>	<i>7</i>	<i>6</i>
<i>B. Total assets</i>	<i>41,533,082</i>	<i>40,581,084</i>	<i>41,624,654</i>	<i>37,196,325</i>
<b>Net financial income to total assets (A/B)</b>	<b>0.83%</b>	<b>0.79%</b>	<b>1.65%</b>	<b>1.63%</b>

*Net interest income to total income*

*The ratio shows the profitability of lending activity compared to the interest rate risk.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
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A. Net interest income	249,702	489,922	474,250
B. Total income	433,219	961,854	884,683
<b>Net interest income to total incomes (A/B)</b>	<b>57.64%</b>	<b>50.94%</b>	<b>53.61%</b>

#### Administrative expenses to total income

The ratio shows in percentage the weight of administrative costs on net interest and other banking income.

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
A. Administrative expenses	(271,334)	(522,300)	(525,961)
B. Total income	433,219	961,854	884,683
<b>Administrative expenses to total income (A/B)</b>	<b>62.63%</b>	<b>54.30%</b>	<b>59.45%</b>

#### Profit to total assets

The return on assets (ROA) shows the percentage of how profitable a company's assets are in generating revenue.

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>30/06/2017</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
A. Profit for the period	74,154	56,332	159,210	98,599
B. Total assets	41,533,082	40,581,084	41,624,654	37,196,325
<b>Profit to total assets (A/B)</b>	<b>0.18%</b>	<b>0.14%</b>	<b>0.38%</b>	<b>0.27%</b>

#### Texas ratio

Texas ratio is a ratio of net non-performing loans to net tangible equity minus intangible assets. Texas ratio, represents the capability of the Issuer to support loan losses.

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
A. Net non-performing loans	1,936,267	2,070,758	2,382,391
B. Equity	2,599,329	2,678,920	2,587,756
C. Intangible assets	25,062	23,720	23,869
<b>Texas ratio (A/(B-C))</b>	<b>75.22%</b>	<b>77.99%</b>	<b>92.92%</b>

#### Capital to direct funding from customers

The ratio shows in percentage the weight of net the equity on direct customer deposits.

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
A. Equity	2,599,329	2,678,920	2,587,756
B. Direct funding from customers	31,192,688	31,634,284	30,934,135

**Capital to direct funding from customers (A/B) 8.33% 8.47% 8.37%**

*Capital to customer loans*

*The ratio shows in percentage the weight of the net equity on loans and receivables with customers.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Equity</i>	2,599,329	2,678,920	2,587,756
<i>B. Loans with customers</i>	26,017,092	25,755,836	25,313,464
<b>Capital to customer loans (A/B)</b>	<b>9.99%</b>	<b>10.40%</b>	<b>10.22%</b>

*Capital to financial assets*

*The ratio shows in percentage the weight of net the equity on financial assets.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Equity</i>	2,599,329	2,678,920	2,587,756
<i>B. Financial assets</i>	12,176,536	11,893,159	7,877,475
<b>Capital to financial assets (A/B)</b>	<b>21.35%</b>	<b>22.52%</b>	<b>32.85%</b>

*Capital to total assets*

*The ratio shows in percentage the weight of net the equity on total assets and it is a financial independence index.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Equity</i>	2,599,329	2,678,920	2,587,756
<i>B. Total assets</i>	41,553,082	41,624,654	37,196,325
<b>Capital to total assets (A/B)</b>	<b>6.26%</b>	<b>6.44%</b>	<b>6.96%</b>

*Net bad loans to capital*

*The ratio shows in percentage the weight of the net bad loans on net equity and it is an asset quality index.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Bad loans with customers</i>	760,710	779,625	767,900
<i>B. Equity</i>	2,599,329	2,678,920	2,587,756
<b>Net bad loans to capital (A/B)</b>	<b>29.27%</b>	<b>29.10%</b>	<b>29.67%</b>



*Non-performing loans to loans and receivables with customer*

*The ratio shows in percentage the weight of Non-performing loans on loans and receivables with customers and it is an asset quality index.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Bad loans with customers</i>	760,710	779,625	767,900
<i>B. Loans with customers</i>	26,017,092	25,755,836	25,313,464
<b><i>Non-performing loans to L&amp;R with customers (A/B)</i></b>	<b>2.92%</b>	<b>3.03%</b>	<b>3.03%</b>

*Loans and receivables with customers to Direct funding from customers*

*The ratio shows in percentage the weight of direct customer deposits on loans and receivables with customers.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Loans with customers</i>	26,017,092	25,755,836	25,313,464
<i>B. Direct funding from customers</i>	31,192,688	31,634,284	30,934,135
<b><i>L&amp;R with custom. to Direct funding from custom. (A/B)</i></b>	<b>83.41%</b>	<b>81.42%</b>	<b>81.83%</b>

*The cost of credit (annualized)*

*The ratio of net adjustments to customer loans to total customer loans.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Net adjustment to customer loans</i>	(91,132)	(231,732)	(250,121)
<i>B. Fattore di annualizzazione</i>	2	1	1
<i>C. Loans with customers</i>	26,017,092	25,755,836	25,313,464
<b><i>Cost of credit (A/C*B)</i></b>	<b>0.70%</b>	<b>0.90%</b>	<b>0.99%</b>

*Leverage ratio*

*The ratio of Tier 1 to total on- and off-balance sheet assets.*

<i>(in €/thousands)</i>	<b>30/06/2018</b>	<b>31/12/2017</b>	<b>31/12/2016</b>
<i>A. Tier 1 (phased-in)</i>	2,617,702	2,644,512	2,579,899
<i>B. Exposure</i>	45,579,607	45,843,147	41,574,366
<b><i>Leverage ratio (A/B)</i></b>	<b>5.74%</b>	<b>5.77%</b>	<b>6.21%</b>

*RWA DENSITY*

*The ratio shows in percentage the incidence of RWA on total assets.*

<i>(in €/thousands)</i>	<i>30/06/2018</i>	<i>31/12/2017</i>	<i>31/12/2016</i>
<i>A. RWA</i>	<i>22,208,160</i>	<i>22,737,670</i>	<i>23,207,691</i>
<i>B. Total assets</i>	<i>41,553,082</i>	<i>41,624,654</i>	<i>37,196,325</i>
<i>RWA DENSITY (A/B)</i>	<i>53.45%</i>	<i>54.63%</i>	<i>62.39%</i>

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## GENERAL INFORMATION

On page 237 of the Base Prospectus, under the paragraph headed “No Significant Change”, the first subparagraph is deleted and replaced as follows:

*“There has been no significant change in the financial or trading position of Banca Popolare di Sondrio and the Banca Popolare di Sondrio Group since 30 June 2018.*

\* \* \*

On pages 237–238 of the Base Prospectus, under the paragraph headed “Documents on Display”, the subparagraph headed “*Documents available for inspection*” shall be deleted and replaced as follows:

*“For so long as the Programme remains in effect or any Covered Bonds shall be outstanding and admitted to trading on the regulated market of the Luxembourg Stock Exchange, copies and, where appropriate, English translations of the following documents may be inspected during normal business hours at the registered office of the Luxembourg Listing Agent, namely:*

- (i) The Programme Documents;*
- (ii) the Issuer’s memorandum of association (Atto Costitutivo) and by-laws (Statuto) as of the date hereof;*
- (iii) the Guarantor’s memorandum of association (Atto Costitutivo) and by-laws (Statuto) as of the date hereof;*
- (iv) the Issuer’s unaudited interim consolidated report and the relevant auditor’s limited review report as at and for the six month ended on 30 June 2018 (with an English translation thereof);*
- (v) Issuer’s unaudited interim consolidated report on operations at 30 September 2017;*
- (vi) the Issuer unaudited condensed interim consolidated financial statements and the relevant auditor’s limited review report in respect of the six months ended on 30 June 2017;*
- (vii) the Issuer’s audited consolidated and separate (non-consolidated) annual financial statements and the relevant auditors’ report in respect of the year ended on 31 December 2017;*
- (viii) the Issuer’s audited consolidated and separate (non-consolidated) annual financial statements in respect of the year ended on 31 December 2016;*
- (ix) the Guarantor’s audited annual financial statements and the relevant independent Auditor’s report in respect of the year ended on 31 December 2017;*
- (x) the Guarantor’s audited annual financial statements and the relevant independent Auditor’s report in respect of the year ended on 31 December 2016;*
- (xi) auditors’ report on the Issuer’s audited consolidated and separate (non-consolidated)*

*annual financial statements as at and for the year ended on 31 December 2016;*

- (xii) the Press release headed "28.04.2018: Ordinary and Extraordinary Shareholders' Meeting of 28 April 2018";*
- (xiii) the Press release headed "11 May 2018: Board of Directors' approval of the Consolidated Interim Financial report as of March 31, 2018";*
- (xiv) the press release headed "Banca Popolare di Sondrio communicates the acquisition of 100% of the social capital of Prestinuova S.P.A.";*
- (xv) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;*
- (xvi) any Final Terms relating to Covered Bonds which are admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system. In the case of any Covered Bonds which are not admitted to listing, trading and/or quotation by any listing authority, stock exchange and/or quotation system, copies of the relevant Final Terms will only be available for inspection by the relevant Covered Bondholders.*

*Copies of all such documents shall also be available to Covered Bondholders at the registered office of the Representative of the Covered Bondholders."*