

SUPPLEMENT DATED 29 NOVEMBER 2018

TO THE BASE PROSPECTUS DATED 15 JANUARY 2018 SUPPLEMENTED ON 28 MARCH 2018, 14  
JUNE 2018 AND 28 SEPTEMBER 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, 14 June 2018 and 28 September 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 September 2018; (ii) incorporate by reference in the Base Prospectus the press release headed "*Banca Popolare di Sondrio announces the signing of a share purchase agreement for the acquisition of a majority of the share capital of Cassa di Risparmio di Cento S.p.A.*" published by the Issuer on 30 October; and (iii) update the Cover page, the sections entitled "*Risk Factors*", "*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 (<http://www.popso.it/cm/pages/ServeAttachment.php/L/EN/D/e%252F6%252Fc%252FD.f5ff9dc86bee0f317ba1/P/BLOB%3AID%3D2335/E/pdf>) 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 September 2018</i>
<i>Consolidated Balance Sheet</i>	<i>Pages 40–41</i>
<i>Consolidated Income Statement</i>	<i>Page 42</i>
<i>Statement of Consolidated Comprehensive Income</i>	<i>Page 43</i>
<i>Statement of Changes in Consolidated Equity</i>	<i>Pages 44–45</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.

\* \* \*

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>
<i>Press release "Banca Popolare di Sondrio announces the signing</i>	<i>Press release</i>	<i>Entire Document</i>

*of a share purchase agreement  
for the acquisition of a majority  
of the share capital of Cassa di  
Risparmio di Cento S.p.A.”*

\* \* \*

On page 76 of the Base Prospectus, under the section headed “*Information Incorporated by Reference*”, under the first sub-paragraph the following new letters from (h) to (p) are added:

- “(h) Press release “8 February 2018: Board of Directors’ approval of consolidated preliminary results for the 2017 financial year”;*
- (i) Issuer’s audited consolidated financial statements of the Issuer at 31 December 2017;*
- (j) Guarantor’s Financial Statements and the relevant audit report as at and for the year ended on 31 December 2017;*
- (k) Press release “28.04.2018: Ordinary and Extraordinary Shareholders’ Meeting of 28 April 2018”;*
- (l) Press release “11 May 2018: Board of Directors’ approval of the Consolidated Interim Financial Report as of March 31, 2018”;*
- (m) Issuer’s interim financial report as at 30 June 2018;*
- (n) Press release “Banca Popolare di Sondrio communicates the acquisition of 100% of the social capital of Prestinuova S.P.A.”;*
- (o) Issuer’s interim financial report as at 30 September 2018;*
- (p) Press release “Banca Popolare di Sondrio announces the signing of a share purchase agreement for the acquisition of a majority of the share capital of Cassa di Risparmio di Cento S.p.A.”.*

## COVER PAGE

On page two of the Base Prospectus, the sixth sub-paragraph is deleted and replaced as follows:

*"The Covered Bonds will be issued in dematerialised form and will be held on behalf of their ultimate owners by Monte Titoli S.p.A. whose registered office is in Milan, at Piazza degli Affari, No.6, Italy, ("**Monte Titoli**") for the account of the relevant Monte Titoli account holders. Monte Titoli will also act as depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, société anonyme, 42 Avenue JF Kennedy, L-1855, Luxembourg ("**Clearstream**"). The Covered Bonds issued in dematerialised form will at all times be held in book entry form and title to the Covered Bonds will be evidenced by book-entries in accordance with the provisions of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented (the "**Financial Laws Consolidated Act**") and implementing regulations and with the joint regulation of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") and the Bank of Italy dated 13 August 2018 and published in the Official Gazette No. 201 of 30 August 2018, as subsequently amended and supplemented. No physical document of title will be issued in respect of the Covered Bonds issued in dematerialised form."*

\* \* \*

## RISK FACTORS

On page 31 of the Base Prospectus, under the section headed “*Basel III and the CRD IV package*”, the second sub-paragraph is deleted and replaced as follows:

*“In January 2013, the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the LCR (as defined below), with a full implementation in 2019, as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities. Regarding the other liquidity requirement, the Net Stable Funding Ratio (the “NSFR”), the Basel Committee published the final rules in October 2014, amended by the provisions issued on 29 June 2018”.*

\* \* \*

On page 33 of the Base Prospectus, under the section headed “*Basel III and the CRD IV package*”, the tenth sub-paragraph is deleted and replaced as follows:

*“According to Article 92 of the CRD IV Regulation, institutions shall at all times satisfy the following own funds requirements: (i) a Common Equity Tier 1 (CET1) Capital ratio of 4.5 per cent; (ii) a Tier 1 Capital ratio of 6 per cent; and (iii) a Total Capital ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital:*

- Capital conservation buffer: The Capital conservation buffer has applied to the Issuer from 1 January 2014 (pursuant to Article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285). According to the 18th update<sup>1</sup> to Circular No. 285 published on 4 October 2016, new transitional rules provide for a capital conservation buffer set for 2017 at 1.25 per cent. of risk-weighted assets, increasing to 1.875 per cent. of risk-weighted assets in 2018 and 2.5 per cent. of risk-weighted assets from 2019;*
- Counter-cyclical capital buffer: The countercyclical capital buffer applies starting from 1 January 2016. Pursuant to Article 160 of the CRD IV and the transitional regime granted by Bank of Italy for 2018, institutions’ specific countercyclical capital buffer shall consist of Common Equity Tier 1 capital capped to 1.875 per cent. of the total of the risk-weighted exposure amounts of the institution. As of 30 September 2018:*
  - the specific countercyclical capital rate of BPS Group amounted to 0.00316% per cent. (individual) and 0,1025% per cent. (consolidated);*
  - countercyclical capital rates have generally been set at 0 per cent., except for the following countries: United Kingdom (1 per cent.), Czech Republic (1 per cent.),*

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<sup>1</sup> *“On 6 October 2016, the Bank of Italy published the 18th update of Circular No. 285 that modifies the capital conservation buffer requirement. In publishing this update, the Bank of Italy reviewed the decision, made at the time the CRD IV was transposed into Italian law in January 2014, where the fully loaded Capital Conservation Buffer at 2.50% was requested, by aligning national regulation to the transitional regime allowed by CRD IV.”*

*Slovakia (1.25 per cent.), Iceland (1.25 per cent.), Hong Kong (1.875 per cent.), Norway (2 per cent.) and Sweden (2.00 per cent.);*

- *with reference to the exposure towards Italian counterparties, the Bank of Italy has decided to keep the countercyclical capital buffer rate at zero for the fourth quarter of 2018*.
- *Capital buffers for globally systemically important institutions (“G-SIIs”): set as an “additional loss absorbency” buffer ranging from 1.0 per cent. to 3.5 per cent. in terms of required level of additional common equity loss absorbency as a percentage of risk-weighted assets), determined according to specific indicators (e.g. size, interconnectedness, complexity), to be phased in from 1 January 2016 (Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285) becoming fully effective on 1 January 2019. Based on the most recently updated list of G-SIIs published by the Financial Stability Board (“FSB”) in November 2016 (to be updated annually), the Issuer is not a global systemically important bank (G-SIB) and does not need to comply with a G-SII capital buffer requirement; and*
- *Capital buffers for other systemically important institutions at domestic level (“O-SIIs”): up to 2.0 per cent. as set by the relevant competent authority (and must be reviewed at least annually from 1 January 2016), to compensate for the higher risk that such banks represent to the domestic financial system (Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285). The Bank of Italy has not identified the Issuer has an O-SII for the year 2017 and the Issuer does not need to comply with an O-SII capital buffer requirement.”*

\* \* \*

On page 35 of the Base Prospectus, under the section headed “*Basel III and the CRD IV package*”, the seventeenth sub-paragraph is deleted and replaced as follows:

*“Following the results of the SREP performed by the ECB, the Issuer is required to meet on a consolidated basis both a minimum transitional CET1 Ratio of 8.375% per cent. and a minimum transitional Total Capital Ratio of 11.875% per cent. to be applied for the year 2018.”*

\* \* \*

On page 36 of the Base Prospectus, under the section headed “*Forthcoming regulatory changes*”, the first sub-paragraph is deleted and replaced as follows:

*“In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU’s future regulatory direction. These initiatives include, among others, the above-mentioned MiFID*

*II and MiFIR. The Basel Committee has also published certain proposed changes to the current securitisation framework which may be accepted and implemented in due course.”.*

\* \* \*

On page 38 of the Base Prospectus, under the section headed “*ECB Single Supervisory Mechanism*”, the fourth sub-paragraph is deleted and replaced as follows:

*“The ECB has fully assumed its new supervisory responsibilities of the Issuer. The ECB is required under the SSM Regulation to carry out a SREP at least on an annual basis. In addition to the above, the EBA published on 19 December 2014 its final guidelines for common procedures and methodologies in respect of the SREP (the EBA SREP Guidelines, as subsequently amended and supplemented).”.*

\* \* \*

On page 38 of the Base Prospectus, the following paragraph is added at the end of section headed “*ECB Single Supervisory Mechanism*”:

*“EBA has recently modified the EBA SREP Guidelines in July 2018, introducing the possibility for national competent authorities to set out a Pillar 2 capital guidance (P2G) based on supervisory stress test results, on top of the overall capital requirements. Such amended guidelines will apply from 1 January 2019 and should therefore be applied in the 2019 cycle of SREP and joint decisions on institution-specific prudential requirements.”.*

\* \* \*

On page 42 of the Base Prospectus, under the section headed “*The BPS Group may be subject to the provisions of the EU Recovery and Resolution Directive*”, the twenty-third sub paragraph is deleted and replaced as follows:

*“The legislative decree intended to implement the revised Deposit Guarantee Schemes Directive in Italy - namely, Legislative Decree no. 30 of 15 February 2016 - has been published in the Italian Official Gazette No. 56 of 8 March 2016. The Decree came into force on 9 March 2016, except for Article 1 comma 3, let. A), which came into force on 1 July 2018, Amongst other things, the Decree amends Consolidated Banking Act and: (i) establishes that the maximum amount of reimbursement to depositors is EUR 100,000 (this level of coverage has been harmonised by the Directive and is applicable to all deposit guarantee schemes); (ii) lays down the minimum financial budget that national guarantee schemes should have; (iii) details intervention methods of the national deposit guarantee scheme; and (iv) harmonises the methods of reimbursement to depositors in case of insolvency of a credit institution.”.*



## 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 30 October 2018, BPS announced the signing of the purchase by BPS of the majority of the share capital of Cassa di Risparmio di Cento S.p.A. from Fondazione Cassa di Risparmio di Cento and Holding CR Cento S.p.A.”.*

\* \* \*

## 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 September 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 interim consolidated report of the Issuer as at and for the three-month ended on 30 September 2018 (with an English translation thereof);*
- (vii) 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;*
- (viii) 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;*
- (ix) the Issuer’s audited consolidated and separate (non-consolidated) annual financial statements in respect of the year ended on 31 December 2016;*

- (x) *the Guarantor's audited annual financial statements and the relevant independent Auditor's report in respect of the year ended on 31 December 2017;*
- (xi) *the Guarantor's audited annual financial statements and the relevant independent Auditor's report in respect of the year ended on 31 December 2016;*
- (xii) *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;*
- (xiii) *the Press release headed "28.04.2018: Ordinary and Extraordinary Shareholders' Meeting of 28 April 2018";*
- (xiv) *the Press release headed "11 May 2018: Board of Directors' approval of the Consolidated Interim Financial report as of March 31, 2018";*
- (xv) *the press release headed "Banca Popolare di Sondrio communicates the acquisition of 100% of the social capital of Prestinuova S.P.A.";*
- (xvi) *the press release "Banca Popolare di Sondrio announces the signing of a share purchase agreement for the acquisition of a majority of the share capital of Cassa di Risparmio di Cento S.p.A.";*
- (xvii) *a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;*
- (xviii) *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."*