

SECOND SUPPLEMENT DATED 16 JULY 2019

TO THE BASE PROSPECTUS DATED 6 MARCH 2019



**Banca Popolare
di Sondrio**

Fondata nel 1871

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

(incorporated as joint stock co-operative society in the Republic of Italy)

€5,000,000,000

Euro Medium Term Note Programme

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 second supplement (the "**Supplement**") constitutes a supplement to the base prospectus dated 6 March 2019 as supplemented by the first supplement dated 25 March 2019 (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.

Capitalised 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 (a) the press release headed "*Banca Popolare di Sondrio has received from the European Central Bank the authorization for the use of the internal rating system (AIRB) for the measurement of the capital requirements for credit risk.*" published by the Issuer on 28 May

2019, the press release headed *“Fitch Ratings downgrades Banca Popolare di Sondrio’s Long-Term Issuer Default rating from “BBB-” to “BB+”, with outlook “stable”; the Long-Term deposit rating is affirmed at “BBB-.”* published by the Issuer on 5 June 2019 and the press release headed *“Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa.”* published by the Issuer on 24 June 2019, (b) the audited consolidated annual financial statements of the Issuer as at and for the year ended on 31 December 2018 contained in the Issuer’s reports and accounts 2018, together with the audit report thereon (**“Issuer’s Reports and Accounts 2018”**), (c) the unaudited Issuer’s interim financial report as at and for the period ended on 31 March 2019 (**“Issuer’s Interim Financial Report”**); and (ii) update cover page of the Base Prospectus and the sections entitled *“Risk Factors”* and *“General Information”* included in the Base Prospectus.

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 Notes 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 can be obtained from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg and will be available for viewing on the website of the Luxembourg Stock Exchange (www.bourse.lu).

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COVER PAGE

On page 2 of the Base Prospectus, the paragraphs from fifth to seventh are deleted and replaced as follows:

“The Issuer has been rated “BB+” (long-term issuer default rating) and “B” (short-term issuer default rating) by Fitch Società Italiana per il Rating S.p.A. (Fitch) and “BBB” (long-term credit rating) and “A-3” (equivalent short-term credit rating) by Dagong Europe Credit Rating S.r.l. (Dagong). Each of Fitch and Dagong is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 (as amended) (the CRA Regulation). As such, each of Fitch and Dagong is included in the list of credit rating agencies published by the European Securities and Markets Authority on its website (at <http://www.esma.europa.eu/page/List-registered-and-certified-CRAs>) in accordance with the CRA Regulation. Notes issued under the Programme may be rated or unrated by one or more of the rating agencies referred to above. Where a Tranche of Notes is rated, such rating will be disclosed in the Final Terms (or Pricing Supplement, in the case of Exempt Notes). A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

*Amounts payable on Floating Rate Notes and/or Reset Notes (where relevant) may be calculated by reference to one of LIBOR and EURIBOR as specified in the relevant Final Terms. As at the date of this Base Prospectus, the European Money Markets Institute, as administrator of EURIBOR, and the ICE Benchmark Administration, as administrator of LIBOR, are included in ESMA's register of administrators under Article 36 of the Regulation (EU) No. 2016/1011 (the **Benchmarks Regulation**).*”

RISK FACTORS

On page 27 of the Base Prospectus, the paragraph headed “*A downgrade of any of the Issuer’s credit ratings may impact the Issuer’s funding ability and have an adverse effect on the Issuer’s financial condition*”, is deleted and replaced as follows:

“On 5 June 2019, Fitch downgraded the Issuer’s Long-Term Issuer Default rating from “BBB-” to “BB+”, the Short-Term Issuer Default rating from “F3” to “B”, the Viability Rating from “bbb-” to “bb+” and, similarly, the senior preferred debt from “BBB-” to “BB+”. At the same time, the Long-Term deposit rating and the outlook was confirmed as “BBB-” and “Stable” respectively.

Therefore, the current long-term counterparty credit ratings of the Issuer are, respectively, “BB+” from Fitch, and “BBB” from Dagong; the current short-term counterparty credit ratings are, respectively, “B” from Fitch, and “A-3” from Dagong. Both Fitch and Dagong are established in the European Union and are registered under the CRA Regulation. A downgrade of any of the Issuer’s ratings (for whatever reason) might result in higher funding and refinancing costs for the Issuer in the capital markets. In addition, a downgrade of any of the Issuer’s ratings may limit the Issuer’s opportunities to extend mortgage loans and may have a particularly adverse effect on the Issuer’s image as a participant in the capital markets, as well as in the eyes of its clients. These factors may also have an adverse effect on the Issuer’s financial condition and/or results of operations and, as a consequence, on the rating assigned to the Notes.”.

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On page 30 of the Base Prospectus, under paragraph 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.”

* * * * *

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

- “• *“Counter-cyclical capital buffer: The countercyclical capital buffer applied 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 equal to 1.875 per cent. of the total of the risk-weighted*

exposure amounts of the institution. As of 6 March 2019:

- *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: Lithuania (0.5 per cent.), United Kingdom (1 per cent.), Czech Republic (1.25 per cent.), Slovakia (1.25 per cent.), Iceland (1.25 per cent.), Hong Kong (2.5 per cent.), Norway (2 per cent.) and Sweden (2.00 per cent.). Several countries are due to increase countercyclical capital rates during the remainder of 2019 and during 2020; and*
- *by a press release dated 21 June 2019, with reference to the exposure towards Italian counterparties, the Bank of Italy has decided to keep the countercyclical capital buffer rate at 0 per cent. for the third quarter of 2019; and**

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On page 34 of the Base Prospectus, under paragraph headed “*Basel III and the CRD IV Package*”, the sixteenth sub-paragraph is deleted and replaced as follows:

“The EU Banking Reform has introduced the distinction between “Pillar 2 requirements” and “Pillar 2 capital guidance”. Whereas the former are mandatory requirements imposed by 19 supervisors to address risks not covered or not sufficiently covered by Pillar 1 and buffer capital requirements, the latter refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirements in order to cope with forward-looking and remote situations. Under the EU Banking Reform (and as described above), only Pillar 2 requirements, and not Pillar 2 capital guidance, will be relevant in determining whether an institution is meeting its combined buffer requirement. Non-compliance with Pillar 2 capital guidance does not amount to failure to comply with capital requirements, but should be considered as a “pre-alarm warning” to be used in the Bank’s risk management process. If capital levels go below Pillar 2 capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the Bank of the reasons of the failure to comply with the Pillar 2 capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements – including capital strengthening requirements).”

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On page 35 of the Base Prospectus, under paragraph headed “*Basel III and the CRD IV Package*”,

the twenty-first sub-paragraph is deleted and replaced as follows:

“The new liquidity requirements introduced under the CRD IV Package will also be phased in: the Liquidity Coverage Ratio (the LCR) and the Net Stable Funding Ratio (the NSFR). The Liquidity Coverage Ratio Delegated Regulation (EU) 2015/61 was adopted on 10 October 2014 published in the Official Journal of the European Union in January 2015 and became fully applicable from 1 January 2018. On the other hand, the EU Banking Reform introduces a binding detailed NSFR which will require credit institutions and systemic investment firms to finance their long-term activities with stable sources of funding with a view to increasing banks’ resilience to funding constraints.”

* * * * *

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

“The CRD IV Package also introduced a new Leverage Ratio with the aim of restricting the level of leverage that an institution can take on to ensure that its assets are in line with its capital. The Leverage Ratio Delegated Regulation (EU) 2015/62 was adopted on 10 October 2014 and was published in the Official Journal of the European Union in January 2015, amending the calculation of the Leverage Ratio compared to the current text of the CRR Regulation. The EU Banking Reform introduces a binding Leverage Ratio of 3 per cent. which is designed to prevent institutions from excessively increasing leverage.”

* * * * *

On page 36 of the Base Prospectus, under paragraph headed “*Forthcoming regulatory changes*”, the fourth and fifth sub-paragraphs are deleted and replaced as follows:

“On 23 November 2016, the European Commission released a package of reforms to further strengthen the resilience of EU banks (EU Banking Reform). The final text of the EU Banking Reform has been published in the Official Journal of the EU on 7 June 2019 and, thus, is entered into force on 27 June 2019. However, the most part of the new rules will apply from 28 June 2021, i.e. two years after the entry into force of the EU Banking Reform.

The new package provides for amendments to the following pieces of legislation:

- (i) the CRD IV Package (as defined below);*
- (ii) the Bank Recovery and Resolution Directive or BRRD (as defined below);*
- (iii) Regulation (EU) No 806/2014 of the European Parliament and of the Council of 15 July*

2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a SRM and a Single Resolution Fund.”

* * * * *

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

“Among other things, the EU Banking Reform aims to implement a number of new Basel standards (such as the Leverage Ratio, the Net Stable Funding Ratio, market risk rules and Minimum Requirements for Own Funds and Eligible Liabilities) and to transpose the FSB’s TLAC termsheet into European law. The CRD IV amendments and the amendments to the BRRD will need to be transposed into Italian law before taking effect. See “The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders” below for further details on the implementation of TLAC in the EEA through changes to the BRRD.”

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On page 36 of the Base Prospectus, under paragraph headed “*Forthcoming regulatory changes*”, the following paragraph is added as eighth sub-paragraph:

“As to the capital requirements, the EU Banking Reform includes a number of amendments to the CRR, aimed – inter alia – at reducing excessive leverage, increasing the risk sensitivity of existing requirements and increasing global systemically important institutions (G-SIIs) loss absorption and recapitalisation capacity. Those objectives are pursued – inter alia – through the introduction of: (a) a binding Tier 1 capital leverage ratio calibrated at 3% for all banks and a specific leverage ratio buffer requirement for G-SIBs; (b) a binding net stable funding ratio (NSFR), that is a long-term structural ratio to address liquidity mismatches in banking activity (see also the next paragraph); (c) a requirement for G-SIBs to hold minimum levels of capital and other instruments which bear losses in resolution, in compliance with the Total Loss-Absorbing Capacity (TLAC) standard; (d) stricter eligibility criteria for liabilities; (e) more risk sensitive capital requirements for market risk (including a strengthening of the conditions to use internal models); and (f) the prohibition for own funds instruments and eligible liabilities to be subject to set-off or netting arrangements which would undermine their loss-absorbing capacity in resolution.

The most part of the new rules will apply starting from 28 June 2021.

Furthermore, with particular reference to the implementation of TLAC standards and the

introduction of stricter eligibility criteria, the part of the EU Banking Reform which modifies the CRR provides a specific grandfathering regime for liabilities issued before 27 June 2019, in order to avoid cliff-edge effects.

Moreover, on 26 April 2019, the EU Regulation no. 2019/630 entered into force, which has modified the CRR. In particular, such regulation introduces common minimum loss coverage levels for newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (CET1). The minimum coverage levels thus act as a 'statutory prudential backstop'. The required coverage increases gradually depending on how long an exposure has been classified as non-performing, being lower during the first years. This architecture would ensure that the risks associated with NPL losses that are not sufficiently covered are reflected in institutions' CET1 capital ratios.

In order to facilitate a smooth transition towards the new prudential backstop, the new rules should not be applied in relation to exposures originated prior to 26 April 2019."

* * * * *

On page 39 of the Base Prospectus, under paragraph headed "*The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders*", the second sub-paragraph is deleted and replaced as follows:

"On 23 November 2016, the European Commission published a proposal to amend certain provisions of the BRRD (the BRRD Reform). The proposal (which now has entered into force in the context of the approval of the EU Banking Reform) included an amendment to Article 108 of the BRRD aimed at further harmonising the creditor hierarchy as regards the priority ranking of holders of bank senior unsecured debt in resolution and insolvency. A new class of so called "senior non-preferred debt" is proposed to be added that would be eligible to meet the TLAC and Minimum Requirement for Own Funds and Eligible Liabilities (MREL) requirements. This new class of debt will be senior to all subordinated debt, but junior to ordinary unsecured senior claims."

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On page 44 of the Base Prospectus, under paragraph headed "*The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant*

entity) considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders”, the following paragraph is added twenty-eighth sub-paragraph:

“The EU Banking Reform contains amendments also to the BRRD and the CRR, which significantly affect the MREL rules.”

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On page 44 of the Base Prospectus, under paragraph headed *“The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders”*, the twenty-ninth sub-paragraph is deleted and replaced as follows:

“Among other things, the EU Banking Reform aims to implement TLAC and to ensure consistency, where appropriate, of MREL with TLAC. The Reform introduces a minimum harmonised MREL requirement (also referred to as a Pillar 1 MREL requirement) applicable to G-SIIs only. In addition, resolution authorities will be able, on the basis of bank-specific assessments, to require that G-SIIs comply with a supplementary MREL requirement (a Pillar 2 MREL requirement). Banks will be allowed to use certain additional types of loss absorbent liabilities to comply with their Pillar 2 MREL requirement.

Furthermore, the criteria of eligibility of the liabilities has been strengthened: banks will have to issue instruments of higher quality in order to meet the MREL.”

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On page 44 of the Base Prospectus, under paragraph headed *“The Bank Recovery and Resolution Directive is intended to enable a range of actions to be taken in relation to credit institutions, investment firms, certain financial institutions and certain holding companies (each a relevant entity) considered to be at risk of failing. The taking of any such actions (or the perception that the taking of any such action may occur) could materially adversely affect the value of any Notes and/or the rights of Noteholders”*, the last sub-paragraph is deleted and replaced as follows:

“In order to ensure compliance with MREL requirements, and in line with the FSB standard on TLAC, the BRRD Reform provides that in case a bank does not have sufficient eligible liabilities to comply with its MREL, the resultant shortfall is automatically filled up with CET1 Capital that would otherwise be counted towards meeting the combined capital buffer requirement.

However, under certain circumstances, the BRRD Reform envisages a six-month grace period before restrictions to discretionary payments to the holders of regulatory capital instruments and employees take effect due to a breach of the combined capital buffer requirement.

The most part of these rules will not be applicable before 2021.”

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On page 44 of the Base Prospectus, under paragraph headed “*The BPS Group is subject to the provisions of the Regulation establishing the SRM*”, the first sub-paragraph is deleted and replaced as follows:

“After having reached an agreement with the Council, in April 2014, the European Parliament adopted, Regulation (EU) No. 806/2014 establishing the SRM. The SRM became fully operational on 1 January 2016. Certain provisions, including those concerning the preparation of resolution plans and provisions relating to the cooperation of the SRB with national resolution authorities entered into force on 1 January 2015. The EU Banking Reform contains certain amendment to the SRM, which will mainly apply starting from 2021 (see further “Adverse regulatory developments” above). In particular, the main objective of such amendments is to implement the TLAC standard and to integrate the TLAC requirement into the general MREL rules to avoid the duplication which would result from applying two parallel requirements.”

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On page 46 of the Base Prospectus, under paragraph headed “*Risks associated with recent ECB guidance on NPL provisioning*”, the last sub-paragraph is deleted and replaced as follows:

“On 26 April 2019, the EU Regulation no. 2019/630 entered into force, which has modified the CRR. In particular, such regulation introduces common minimum loss coverage levels for newly originated loans that become non-performing. The minimum coverage levels thus act as a ‘statutory prudential backstop’. The required coverage increases gradually depending on how long an exposure has been classified as non-performing, being lower during the first years. This architecture would ensure that the risks associated with NPL losses that are not sufficiently covered are reflected in institutions’ CET1 capital ratios.

In order to facilitate a smooth transition towards the new prudential backstop, the new rules should not be applied in relation to exposures originated prior to 26 April 2019.”

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On page 51 of the Base Prospectus, under paragraph headed “*Senior Notes and Non-Preferred Senior Notes could be subject to Issuer Call due to MREL Disqualification Event*”, the fifth, sixth and seventh sub-paragraph is deleted and replaced as follows:

“In addition, under the EU Banking Reform, the early redemption or purchase of Senior Notes and Non-Preferred Senior Notes which qualify as eligible liabilities available to meet MREL Requirements is subject to the prior approval of the Competent Authority where applicable from time to time under the applicable laws and regulations. The EU Banking Reform state that the Competent Authority would approve an early redemption of the Senior Notes and Non-Preferred Senior Notes where any of the following conditions is met:

- on or before such early redemption or purchase of the Senior Notes or Non-Preferred Senior Notes, the Issuer replaces the Senior Notes or Non-Preferred Senior Notes with own funds instruments or eligible liabilities of an equal or higher quality on terms that are sustainable for the income capacity of the Issuer;*
- the Issuer has demonstrated to the satisfaction of the Competent Authority that its Own Funds and eligible liabilities would, following such redemption or purchase, exceed the requirements for own funds and eligible liabilities set out in the CRD IV or the BRRD (or, in either case, any relevant provisions of Italian law implementing the CRD IV or, as appropriate, the BRRD) or the CRR by a margin that the Competent Authority considers necessary; or*
- the Issuer has demonstrated to the satisfaction of the Competent Authority that the partial or full replacement of the eligible liabilities with own funds instruments is necessary to ensure compliance with the own funds requirements laid down in the CRR and in the CRD IV for continuing authorisation.*

The Competent Authority shall consult with the Relevant Resolution Authority before granting that permission.”

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On page 57 of the Base Prospectus, after paragraph headed *“The regulation and reform of “benchmarks” may adversely affect the value of Floating Rate Notes or Reset Notes linked to or referencing such “benchmarks”*, the following paragraph is added:

“Tax consequences of holding the Notes – No Gross-up for Taxes

Potential investors should consider the tax consequences of investing in the Notes and consult their tax adviser about their own tax situation. Notwithstanding anything to the contrary in this Base Prospectus, if withholding of, or deduction of any present or future taxes, duties, assessments or charges of whatever nature is imposed by or on behalf of Italy, any authority therein or thereof having power to tax, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders, as the case may be. The Issuer shall be obliged to pay any additional amounts pursuant to Condition 6 (Taxation) subject to customary exceptions including Legislative Decree No. 239 of 1 April 1996 withholdings.”

DOCUMENTS INCORPORATED BY REFERENCE

Issuer's Reports and Accounts 2018

By virtue of this Supplement, the English language version of the Issuer's Reports and Accounts 2018, which have previously been published and have been filed with the CSSF, are incorporated by reference in, and form part of, the Base Prospectus. The Issuer's Reports and Accounts 2018 are available on the website of the CSSF and both in their original version in Italian and translated into English on the website of the Issuer (www.popso.it/cm/pages/ServeBLOB.php/L/EN/IDPagina/2282) 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.

On page 62 of the Base Prospectus, following letter (k) of the section headed "*Documents Incorporated by Reference*" the following new letter (l) is added:

"(l) the audited consolidated annual financial statements for the financial year ended on 31 December 2018 of the Issuer. The information set out at the following pages are incorporated by reference:

<i>Consolidated Balance Sheet</i>	<i>Pages 368 – 396</i>
<i>Consolidated Income Statement</i>	<i>Page 370</i>
<i>Statement of Consolidated Comprehensive Income</i>	<i>Page 371</i>
<i>Statement of Changes in Consolidated Equity</i>	<i>Pages 372 – 373</i>
<i>Consolidated Cash Flow Statement</i>	<i>Pages 374 – 375</i>
<i>Notes to the Financial Statements</i>	<i>Pages 377 – 552</i>
<i>Auditors' report on the audited consolidated annual financial statements for the financial year ended on 31 December 2018 of the Issuer</i>	<i>Pages 554 – 564</i>

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004;

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) 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.

On page 62 of the Base Prospectus, following new letter (l) of the section headed "*Documents Incorporated by Reference*" the following new letter (m) is added:

"(m) the unaudited Issuer's interim financial report as at and for the period ended on 31 March 2019. The information set out at the following pages are incorporated by reference:

Consolidated Balance Sheet *Pages 38 - 39*

Consolidated Income Statement *Page 40*

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004;

Press Releases

By virtue of this Supplement, the English language version of (i) the press release headed "*Banca Popolare di Sondrio has received from the European Central Bank the authorization for the use of the internal rating system (AIRB) for the measurement of the capital requirements for credit risk.*" published by the Issuer on 28 May 2019, (ii) the press release headed "*Fitch Ratings downgrades Banca Popolare di Sondrio's Long-Term Issuer Default rating from BBB- to BB+, with outlook "stable"; the Long-Term deposit rating is affirmed at "BBB-."*" published by the Issuer on 5 June 2019 and (iii) the press release headed "*Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa.*" published by the Issuer on 24 June 2019 which have previously been published and have been filed with the CSSF, are incorporated by reference in, and form part of, the Base Prospectus.

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.

On page 62 of the Base Prospectus, following new letter (m) of the section headed "*Documents Incorporated by Reference*" the following new letters (n) and (o) are added:

"(n) press release headed "Banca Popolare di Sondrio has received from the European Central Bank the authorization for the use of the internal rating system (AIRB) for the measurement of the capital requirements for credit risk." including the information set out in the following pages:

Entire Document

(o) press release headed "Fitch Ratings downgrades Banca Popolare di Sondrio's Long-Term Issuer Default rating from BBB- to BB+, with outlook "stable"; the Long-Term deposit rating is affirmed at "BBB-." including the information set out in the following pages:

Entire Document

(p) press release headed "Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa." including the information set out in the following pages:

Entire Document

The information incorporated by reference that is not included in the cross-reference list, is considered as additional information and is not required by the relevant schedules of Commission Regulation (EC) No 809/2004;"

** * **

GENERAL INFORMATION

On page 189 of the Base Prospectus, the paragraph headed “*Documents Available*” shall be deleted and replaced as follows:

“For the period of 12 months following the date of this Base Prospectus, copies of the following documents will, when published, be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in Luxembourg:

- (a) the constitutional documents (with an English translation thereof) of the Issuer;*
- (b) the consolidated audited financial statements of the Issuer as at and for the years ended 31 December 2016 and 31 December 2017 (with an English translation thereof). The Issuer currently prepares audited consolidated and non-consolidated accounts on an annual basis;*
- (c) the auditors’ report on the audited consolidated financial statements as at and for the years ended 31 December 2016 and December 2017 (with an English translation thereof) of the Issuer;*
- (d) the most recently published audited annual financial statements of the Issuer and the most recently published unaudited interim condensed financial statements (if any) of the Issuer (with an English translation thereof), in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a semi-annual basis;*
- (e) the unaudited interim condensed consolidated financial statements for the six months ended on 30 June 2018;*
- (f) the auditors’ review report on the unaudited interim consolidated financial statements for the six months ended on 30 June 2018;*
- (g) the unaudited interim consolidated report on operations at 30 September 2018;*
- (h) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;*
- (i) a copy of this Base Prospectus;*
- (j) any future Base Prospectus, prospectuses, information memoranda, supplements, Final Terms and Pricing Supplements (in the case of Exempt Notes) (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer or the Paying Agent as to its holding of Notes and identity) to this Base Prospectus and any other documents incorporated herein*

or therein by reference;

- (k) the press release “Banca Popolare di Sondrio fully satisfies ECB-imposed prudential requirements”;*
- (l) the press release “BPER Banca and Banca Popolare di Sondrio acquire 39.99% of Arca Holding S.p.A.”;*
- (m) the press release “Board of Directors' meeting 11th February 2019 Approval of draft consolidated preliminary results as at 31st December 2018”;*
- (n) the press release “07.03.2019 Banca Popolare di Sondrio announces the signing of a contract for the purchase of 70.77% of the share capital of Farbanca spa for a maximum amount of 30 million euros”; and*
- (o) the press release “Board of Directors' meeting of 22 March 2019: approval of the 2018 separate and consolidated financial statements; proposed dividend of € 0.05 per share; notice of calling to the Shareholders' Meeting.”;*
- (p) the audited consolidated annual financial statements for the financial year ended on 31 December 2018 of the Issuer;*
- (q) the unaudited Issuer's interim financial report as at and for the period ended on 31 March 2019;*
- (r) the press release ““Banca Popolare di Sondrio has received from the European Central Bank the authorization for the use of the internal rating system (AIRB) for the measurement of the capital requirements for credit risk.”;*
- (s) the press release “Fitch Ratings downgrades Banca Popolare di Sondrio's Long-Term Issuer Default rating from BBB- to BB+, with outlook “stable”; the Long-Term deposit rating is affirmed at “BBB-.”*
- (t) the press release “Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa.”.*

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On page 190 of the Base Prospectus, the paragraph headed “*Significant or Material Adverse Change*” shall be deleted and replaced as follows:

“There has been no significant change in the financial position of the Group since 31 March 2019 and there has been no material adverse change in the financial position or prospects of the Group since 31 December 2018.”