

SUPPLEMENT DATED 22 JULY 2019

TO THE BASE PROSPECTUS DATED 19 MARCH 2019



**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 19 March 2019 (the "**Base Prospectus**"), for the purposes of Article 46.3 of Regulation (EU) 2017/1129 as amended (the "**Prospectus Regulation**") 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 Regulation and the Luxembourg Law, as a supplement issued in compliance with the Prospectus Regulation and relevant implementing measures in Luxembourg in order to (i) incorporate by reference in the

Base Prospectus (a) 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**"), (b) the unaudited interim financial statements of the Issuer as at and for period ended 31 March 2019 (the "**Issuer's Interim Financial Report**"), (c) the press release headed "*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*" published by the Issuer on 7 March 2019, (d) 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, (e) 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, (f) the press release headed "*Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa.*" published by the Issuer on 24 June 2019, and (g) the Guarantor's audited non-consolidated financial statements for the financial year ended on 31 December 2018 together with the relevant auditor's report thereon (the "**Guarantor's audited non-consolidated financial statements**"); and (ii) update the cover page of the Base Prospectus and sections entitled "*General Information*" and "*The Issuer*" 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).

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COVER PAGE

On page 2 of the Base Prospectus, the last two sub-paragraphs are deleted and replaced as follows:

“Amounts payable on Floating Rate Covered Bonds 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

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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 Covered Bonds."

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On page 28 of the Base Prospectus, under the paragraph headed "*Risk associated with inspections by regulatory authorities*", the following paragraph is added as last sub-paragraph:

"On 20 March 2019, CONSOB began an ordinary inspection activity, in accordance with art. 6-ter, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, in order to ascertain the implementation by the Issuer of the new legislation following the transposition of MiFID II."

THE ISSUER

On page 170 of the Base Prospectus, under the paragraph headed "*Legal proceedings initiated against the Issuer*", the following paragraph is added as last sub-paragraph:

"On 20 March 2019, CONSOB began an ordinary inspection activity, in accordance with art. 6-ter, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, in order to ascertain the implementation by the Issuer of the new legislation following the transposition of MiFID II."

INFORMATION 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.

The following table shows the information included in the Issuer's Reports and Accounts 2018 incorporated by reference into the Base Prospectus.

Issuer's Reports and Accounts 2018

As at 31 December 2018

Audited consolidated financial statements of the Issuer

<i>Consolidated Balance Sheet</i>	<i>Pages 368 – 369</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>

Any other information not listed above but contained in the Issuer's Reports and Accounts 2018 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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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.

The following table shows the information included in the Issuer's Interim Financial Report incorporated by reference into the Base Prospectus.

<i>Unaudited Issuer's Interim Financial Report</i>	<i>As at 31 March 2019</i>
<i>Consolidated Balance Sheet</i>	<i>Pages 38 – 39</i>
<i>Consolidated Income Statement</i>	<i>Page 40</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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Guarantor's Financial Statements 2018

By virtue of this Supplement, the English language version of the Guarantor's audited non-consolidated financial statements, 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 Guarantor's audited non-consolidated financial statements are available on the website of the CSSF. 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 Guarantor's audited non-consolidated financial statements incorporated into the Base Prospectus:

<i>Guarantor's Financial Statements 2018</i>	<i>As at 31 December 2018</i>
<i>Balance Sheet</i>	<i>Page 10</i>

<i>Income Statement</i>	<i>Page</i>	<i>10</i>
<i>Notes to the Financial Statements</i>	<i>Pages</i>	<i>15 – 63</i>

<i>Guarantor's Audit report in respect to the simplified Financial Statements of the Guarantor as at 31 December 2018</i>	<i>Entire Document</i>
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Any other information not listed above but contained in the Guarantor's audited non-consolidated financial statements 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 documents which have previously been published and have 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
Press release headed " <i>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</i> " published by the Issuer on 7 March 2019.	Press release	Entire document
Press release headed " <i>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.</i> " published by the Issuer on 28 May 2019	Press release	Entire Document
Press release headed " <i>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</i>	Press release	Entire Document

affirmed at "BBB-". published by
the Issuer on 5 June 2019

Press release headed "*Merger by
incorporation of PrestiNuova spa
into Banca della Nuova Terra
spa.*" published by the Issuer on
24 June 2019

Press release

Entire Document

Any other information not listed above but contained in the Press Releases 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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GENERAL INFORMATION

On page 231 of the Base Prospectus, the following paragraphs are deleted and replaced as follows:

“Trend Information

Since 31 December 2018, there has been no material adverse change in the prospects of Banca Popolare di Sondrio and the Banca Popolare di Sondrio Group.

Since 31 December 2018, there has been no material adverse change in the prospects of the Guarantor.

No Significant Change

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 31 March 2019.

There has been no significant change in the financial or trading position of POPSO Covered Bond S.r.l. since 31 December 2018”.

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On pages 232–233 of the Base Prospectus, under the paragraph 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) Issuer’s audited consolidated and separate (non-consolidated) financial statements and the relevant independent auditor’s reports as at and for the years ended on 31 December 2016;*
- (v) Auditors’ reports on the Issuer’s audited consolidated and separate (non-consolidated) annual financial statements as at and for the year ended on 31 December 2016;*
- (vi) Issuer’s unaudited condensed interim consolidated financial statements and the relevant*

- audit limited review report as at and for the six months ended on 30 June 2017;*
- (vii) Issuer's unaudited interim consolidated report on operations at 30 September 2017;*
 - (viii) Issuer's audited consolidated and separate (non-consolidated) financial statements of the Issuer at 31 December 2017;*
 - (ix) Issuer's unaudited interim condensed consolidated financial statements and the relevant review report as at and for the six months ended on 30 June 2018;*
 - (x) Issuer's unaudited interim condensed consolidated report on operations as at and for the nine months ended on 30 September 2018;*
 - (xi) Issuer's audited consolidated and separate (non-consolidated) financial statements and the relevant independent auditor's reports as at and for the years ended on 31 December 2018;*
 - (xii) Issuer's unaudited interim consolidated report on operations at 31 March 2019;*
 - (xiii) Guarantor's Financial Statements and the relevant audit report as at and for the year ended on 31 December 2016;*
 - (xiv) Guarantor's Audit report in respect to Financial Statements of the Guarantor as at and for the year ended on 31 December 2016;*
 - (xv) Guarantor's Financial Statements as at and for the year ended on 2017;*
 - (xvi) Guarantor's Audit report in respect to Financial Statements of the Guarantor as at and for the year ended on 31 December 2017;*
 - (xvii) Guarantor's Audit report in respect to the Financial Statements of the Guarantor as at 31 December 2017;*
 - (xviii) Guarantor's Audit report in respect to the Financial Statements of the Guarantor as at 31 December 2018;*
 - (xix) Press release "Banca Popolare di Sondrio fully satisfies ECB-imposed prudential requirements";*
 - (xx) Press release "BPER Banca and Banca Popolare di Sondrio acquire 39.99% of Arca Holding S.p.A.";*
 - (xxi) Press release "Board of Directors' meeting 11th February 2019 Approval of draft consolidated preliminary results as at 31st December 2018";*
 - (xxii) Press release headed "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".*
 - (xxiii) 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;

(xxiv) 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;

(xxv) Press release headed “Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa.” published by the Issuer on 24 June 2019;

(xxvi) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;

(xxvii) 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.”