

SUPPLEMENT DATED 11 OCTOBER 2019

TO THE BASE PROSPECTUS DATED 19 MARCH 2019 AS SUPPLEMENTED ON 22 JULY 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 OPPORTUNENESS 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 and supplemented on 22 July 2019 (the "**Base Prospectus**"), for the purposes of 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 Luxembourg Law, as a supplement issued in compliance with the Luxembourg Law in order to (i) incorporate by reference in the Base Prospectus (a) the Issuer's interim financial statements as at and for period

ended 30 June 2019 (the “**Issuer’s Interim Financial Report**”), (b) the press release headed “*BPER Banca and Banca Popolare di Sondrio acquire 39.99% of Arca Holding S.p.A.*” published by the Issuer on 22 July 2019 and (c) the press release headed “*Placement with institutional investors of a Tier 2 subordinated bond with a 10-year maturity for an amount of 200 million euro successfully completed*” published by the Issuer on 24 July 2019; and (ii) update the sections entitled “*Risk Factors*”, “*Taxation*” 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).

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RISK FACTORS

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On page 29 of the Base Prospectus, under the paragraph headed “*Adverse regulatory developments*”, the third 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 (see “Forthcoming regulatory changes” below). These initiatives include, amongst others, a revised Markets in Financial Instruments Directive and Markets in Financial Instruments Regulation which applied from 3 January 2018. The Basel Committee has also published certain proposed changes to the current securitisation framework and has published a revision of the framework on 11 July 2016, including amendments on simple, transparent and comparable (STC) securitisations. Additional consultations on criteria and capital treatment of short term securitisations were also launched by the Basel Committee and were closed in October 2017. At the same time the European Commission has published in September 2015 a “Securitisation package” proposal under the Capital Markets Union (CMU) project. The package includes a draft regulation on Simple Transparent and Standardised (STS) securitisations and proposed amendments to the CRR. In December 2016 the European Parliament’s Economic and Monetary Affairs Committee (ECON) agreed compromise amendments to the proposed new securitisation regulation and the related CRR amending regulation. On 26 October 2017 the Parliament approved the final text of the securitisation regulation which will enter into force on 1 January 2019. In addition, as further detailed below under “Basel III and the CRD IV Package”, the EU Banking Reform (as defined below) has introduced Net Stable Funding Ratio (NSFR) requirements, which will apply starting from 28 June 2021.”.

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On page 30 of the Base Prospectus, under the 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. Regarding the other liquidity requirement, the Net Stable Funding Ratio (the “NSFR”) will apply starting from 28 June 2021., the Basel Committee published the final rules in October 2014 providing that the NSFR become a minimum standard starting from 1 January 2018.”.

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

“The Bank of Italy published the supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013, as subsequently amended from time to time by the Bank of Italy – “Circular No. 285”) which came into force on 1 January 2014, implementing the CRD IV Package and setting out additional local prudential rules. Circular No. 285 has been updated a number of times after its first issue the last update being the 285th update of 263 July/October 2019. The CRR and CRD IV are also supplemented in Italy by technical rules relating to the CRD IV and the CRR published through delegated regulations of the European Commission and guidelines of the European Banking Authority.”

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On page 31 of the Base Prospectus, under the paragraph 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, reported below as applicable with reference to 19 March 2019:

- *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 update¹ to Circular No. 285 published on 4 October 2016, new transitional rules provide for a capital conservation buffer set (i) at 1.875 per cent. of risk-weighted assets from 1 January 2018 to 31 December 2018, and (ii) 2.5 per cent. of risk-weighted assets from 1 January 2019;*
- *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 19 March 2019:*
 - o *the specific countercyclical capital rate of BPS Group amounted to 0.00316% per cent. (individual) and 0.1025 per cent. (consolidated);*

¹ *“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.”*

- *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*
- *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), which was 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) and became fully effective on 1 January 2019. Based on the most recently updated list of G-SIIs published by the Financial Stability Board (“FSB”) on 16 November 2018 (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.*

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), 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 as an O-SII for the year 2019 and the Issuer does not need to comply with an O-SII capital buffer requirement.”.

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

“Whereas the Pillar 2 requirements 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. Only Pillar 2 requirements, and not Pillar 2 capital guidance, are 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).”.

* * * * *

On page 34 of the Base Prospectus, under the paragraph headed “*Basel III and the CRD IV Package*”, the twentieth, the twenty-first and the twenty-second sub-paragraphs are 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 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.

The European Commission proposed that the amount of available stable funding be calculated by multiplying an institution’s liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The NSFR is expressed as a percentage and set at a minimum level of 100%, which indicates that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The binding NSFR will apply at a level of 100% to credit institutions and systemic investment firms starting from 28 June 2021.

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.”.

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On page 34 of the Base Prospectus, under the paragraph headed “*Forthcoming regulatory changes*”, the fourth, the fifth and the sixth 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. 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 Single Resolution Mechanism and a Single Resolution Fund.*

As to the new rules of the EU Banking reform related to capital requirements (the most part of which – as said – will apply starting from 28 June 2021), a significant impact could be produced by the introduction of: (a) a binding Tier 1 capital leverage ratio calibrated at 3% for all banks; (b) a binding net stable funding ratio (NSFR), which – as said above – is a long-term structural ratio to address liquidity mismatches in banking activity; (c) stricter eligibility criteria for liabilities; (d) more risk sensitive capital requirements for market risk (including a strengthening of the conditions to use internal models); and (e) 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.

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.”

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On page 37 of the Base Prospectus, under the paragraph headed “*The BPS Group may be subject to the provisions of the EU Recovery and Resolution Directive*”, the second last sub-paragraph is deleted and replaced as follows:

“The EU Banking Reform amends also the BRRD. Among other things, these amendments aim to implement TLAC and to ensure consistency, where appropriate, of MREL with TLAC and to introduce 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.”.

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On page 41 of the Base Prospectus, under the paragraph headed “*The BPS Group is subject to the provisions of the Regulation establishing the Single Resolution Mechanism*”, 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 a Single Resolution Mechanism (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. On 23 November 2016, the European Commission published a proposal to amend certain provisions of the SRM as part of the EU Banking Reform, which entered into force in June 2019 and will largely apply starting from June 2021 (see further “Adverse regulatory developments” above). In particular, the main objective of such reform 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 43 of the Base Prospectus, under the paragraph headed “*Risks associated with recent ECB guidance on NPL provisioning*”, the fifth sub-paragraph is deleted and replaced as follows:

“On 26 April 2019, the EU Regulation no. 2019/630, which introduces common minimum loss coverage levels for newly originated loans that become non-performing, entered into force. According to this regulation, 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."

TAXATION

On page 220 of the Base Prospectus, under the paragraph headed “*Italian Resident Covered Bondholders*”, the second sub-paragraph is deleted and replaced as follows:

“Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the imposta sostitutiva, on Interest relating to the Covered Bonds if the Covered Bonds are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100–114) of Law No. 232 of 11 December 2016 (the Finance Act 2017) and in Article 1(210–215) of Law No. 145 of 30 December 2018 (Finance Act 2019) as implemented by the Ministerial Decree of 30 April 2019.”.

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On page 220 of the Base Prospectus, under the paragraph headed “*Italian Resident Covered Bondholders*”, the sixth sub-paragraph is deleted and replaced as follows:

“Where an Italian resident Covered Bondholder is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income Interest relating to the Covered Bonds may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1 (100–114) of Finance Act 2017 and in Article 1(211210–215) of Finance Act 2019 as implemented by the Ministerial Decree of 30 April 2019.”.

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On page 222 of the Base Prospectus, under the paragraph headed “*Atypical Securities*”, the second sub-paragraph is deleted and replaced as follows:

“Subject to certain conditions, Interest in respect of Covered Bonds that do not qualify as obbligazioni or titoli similari alle obbligazioni and are treated as atypical securities received by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from taxation, including the 26

per cent. imposta sostitutiva, if the Covered Bonds are included in a long-term savings account (piano individuale di risparmio a lungo termine) pursuant to Article 1 (100–114) of Finance Act 2017 and Article 1(210–215) of Finance Act 2019 as implemented by the Ministerial Decree of 30 April 2019.”.

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On page 223 of the Base Prospectus, under the paragraph headed “*Capital Gain Tax*”, the fourth sub-paragraph is deleted and replaced as follows:

“Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the imposta sostitutiva, on capital gains realised upon sale or redemption of the Covered Bonds if the Covered Bonds are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100–114) of Finance Act 2017 and in Article 1(210–215) of Finance Act 2019 as implemented by the Ministerial Decree of 30 April 2019.”.

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On page 224 of the Base Prospectus, under the paragraph headed “*Capital Gain Tax*”, the seventh sub-paragraph is deleted and replaced as follows:

“Any capital gains realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Covered Bonds may be excluded from the taxable base of the 20 per cent. substitute tax if the Covered Bonds are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1 (100–114) of Finance Act 2017 and in Article 1(210–215) of Finance Act 2019 as implemented by the Ministerial Decree of 30 April 2019.”

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On page 225 of the Base Prospectus, the paragraph headed “*Foreign Account Tax Compliance Act*” is deleted and replaced as follows:

“Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a foreign financial institution (as defined by FATCA) may be required to withhold on certain payments it makes (foreign passthru payments) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for

these purposes. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Covered Bonds, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Covered Bonds, such withholding tax would not apply prior the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register and Covered Bonds characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Covered Bonds (as described under "Terms and Conditions—Further Issues") that are not distinguishable from previously issued Covered Bonds are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Covered Bonds, including the Covered Bonds offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Covered Bonds. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Covered Bonds, no person will be required to pay additional amounts as a result of the withholding."

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) 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 30 June 2019</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>Page 56 – 57</i>
<i>Consolidated Cash Flow Statement</i>	<i>Page 58 – 59</i>
<i>Explanatory Notes</i>	<i>Page 61 – 140</i>
<i>Review report on the interim condensed consolidated financial statements for the period ended 30 June 2019</i>	<i>Page 142 – 143</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 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>BPER Banca and Banca Popolare di Sondrio acquire 39.99% of Arca Holding S.p.A.</i> ” published by the Issuer on 22 July 2019.	Press release	Entire document
Press release headed “Placement with institutional investors of a Tier 2 subordinated bond with a 10-year maturity for an amount of 200 million euro successfully completed” published by the Issuer on 24 July 2019.	Press release	Entire document

GENERAL INFORMATION

On page 231 of the Base Prospectus, the following paragraph is deleted and replaced as follows:

“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 30 June 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) *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 2019;*
- (xiv) *Guarantor's Financial Statements and the relevant audit report as at and for the year ended on 31 December 2016;*
- (xv) *Guarantor's Audit report in respect to Financial Statements of the Guarantor as at and for the year ended on 31 December 2016;*
- (xvi) *Guarantor's Financial Statements as at and for the year ended on 2017;*
- (xvii) *Guarantor's Audit report in respect to Financial Statements of the Guarantor as at and for the year ended on 31 December 2017;*
- (xviii) *Guarantor's Audit report in respect to the Financial Statements of the Guarantor as at 31 December 2017;*
- (xix) *Guarantor's Audit report in respect to the Financial Statements of the Guarantor as at 31 December 2018;*
- (xx) *Press release "Banca Popolare di Sondrio fully satisfies ECB-imposed prudential requirements";*
- (xxi) *Press release "BPER Banca and Banca Popolare di Sondrio acquire 39.99% of Arca Holding S.p.A.";*
- (xxii) *Press release "Board of Directors' meeting 11th February 2019 Approval of draft consolidated preliminary results as at 31st December 2018";*
- (xxiii) *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".*
- (xxiv) *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;*
- (xxv) *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;*

- (xxvi) Press release headed "Merger by incorporation of PrestiNuova spa into Banca della Nuova Terra spa." published by the Issuer on 24 June 2019;*
- (xxvii) Press release headed "BPER Banca and Banca Popolare di Sondrio acquire 39.99% of Arca Holding S.p.A." published by the Issuer on 22 July 2019;*
- (xxviii) Press release headed "Placement with institutional investors of a Tier 2 subordinated bond with a 10-year maturity for an amount of 200 million euro successfully completed" published by the Issuer on 24 July 2019;*
- (xxix) a copy of this Base Prospectus together with any supplement thereto, if any, or further Base Prospectus;*
- (xxx) 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."