

**SUPPLEMENT NO. 2 DATED 31 MAY 2019 TO THE BASE PROSPECTUS DATED 26 SEPTEMBER 2018**

**BANCA IFIS**

**Banca IFIS S.p.A.**

*(incorporated as a società per azioni under the laws of the Republic of Italy)*

**€5,000,000,000**

**Euro Medium Term Note Programme**

This supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with, the base prospectus dated 26 September 2018 as supplemented by a supplement dated 15 February 2019 (the "**Base Prospectus**") prepared by Banca IFIS S.p.A. (the "**Issuer**") in connection with its Euro Medium Term Note Programme (the "**Programme**") for the issuance of up to €5,000,000,000 in aggregate principal amount of notes ("**Notes**"). Terms given a defined meaning in the Base Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Central Bank of Ireland (the "**Central Bank**") as competent authority under Directive 2003/71/EC, as amended or superseded (the "**Prospectus Directive**") as a base prospectus supplement issued in compliance with Article 16 of the Prospectus Directive and relevant implementing measures in the Republic of Ireland. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

The purpose of the publication of this Supplement is to (i) incorporate by reference the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2018 and the unaudited consolidated interim financial statements of the Issuer as at and for the quarter ended 31 March 2019, (ii) update the sub-sections of the Base Prospectus entitled "*Board of Directors*" and "*Board of Statutory Auditors*" and (iii) update the "*General Information*" section of the Base Prospectus.

The Issuer accepts responsibility for the information contained in this Supplement and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

With effect from the date of this Supplement, each reference in the Base Prospectus to "Base Prospectus" shall be read and construed as a reference to the Base Prospectus as amended and supplemented by this Supplement. To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, no significant new fact, material mistake or inaccuracy relating to the information included in the Base Prospectus which is capable of affecting the assessment of the Notes issued under the Programme has arisen or been noted, as the case may be, since publication of the Base Prospectus.

This Supplement may only be used for the purposes for which it has been published.

**The date of this Supplement is 31 May 2019.**

With effect from the date of this Supplement, the information appearing in, or incorporated by reference into, the Base Prospectus shall be amended and supplemented in the manner described herein.

## **INFORMATION INCORPORATED BY REFERENCE**

1. At page 32 of the Base Prospectus, the list of information incorporated in, and forming part of, the Base Prospectus shall be deleted in its entirety and replaced as follows:

"

- i. the translation into English of certain sections of the Interim Directors' Report 2019 and the translation into English of the unaudited consolidated interim financial statements of the Issuer as at and for the quarter ended 31 March 2019 (the "**Q1 2019 Results**"), which can be found at [https://www.bancaifis.it/wp-content/uploads/2019/05/Resoconto\\_1q19\\_ENG.pdf](https://www.bancaifis.it/wp-content/uploads/2019/05/Resoconto_1q19_ENG.pdf);
- ii. the translation into English of certain sections of the Directors' Report 2018 and the translation into English of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2018, prepared in accordance with IFRS and together with the accompanying notes and the English translation of the independent auditors' report, included in the 2018 annual report, which can be found at <https://www.bancaifis.it/wp-content/uploads/2019/03/Relazioni-e-Bilancio-Consolidato-2018-ENG.pdf>;
- iii. the translation into English of certain sections of the Directors' Report 2017 and the translation into English of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2017, prepared in accordance with IFRS and together with the accompanying notes and the English translation of the independent auditors' report, included in the 2017 annual report, which can be found at [https://www.bancaifis.it/wp-content/uploads/2018/03/Progetto-Relazioni-e-Bilancio-Consolidato\\_ENG.pdf](https://www.bancaifis.it/wp-content/uploads/2018/03/Progetto-Relazioni-e-Bilancio-Consolidato_ENG.pdf);
- iv. the translation into English of certain sections of the Directors' Report 2016 and the translation into English of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2016, prepared in accordance with IFRS and together with the accompanying notes and the English translation of the independent auditors' report, included in the 2016 consolidated annual report, which can be found at [http://www.bancaifis.it/wp-content/uploads/2017/03/ENGLISH\\_Bilancio-Consolidato-2016\\_publicaz.29.03.2017.pdf](http://www.bancaifis.it/wp-content/uploads/2017/03/ENGLISH_Bilancio-Consolidato-2016_publicaz.29.03.2017.pdf);
- v. the translation into English of certain section of the Interim Directors' Report 2018 and the translation into English of the unaudited consolidated interim financial statements of the Issuer as at and for the six months ended 30 June 2018 prepared in accordance with IAS 34 and together with the accompanying notes and the English translation of the independent auditors' review report, included in the consolidated half year report at 30 June 2018, which can be found at <https://www.bancaifis.it/wp-content/uploads/2018/08/Relazione-semestrale-30.06.2018-ENG-per-pubblicazione-1.pdf>;

- vi. the Terms and Conditions of the Notes contained in the Base Prospectus dated 29 September 2017, pages 43 to 76 (inclusive), prepared by the Issuer in connection with the Programme, which can be found at [http://www.ise.ie/debt\\_documents/Banca%20IFIS%20EMTN%20Programme%20-%20Base%20Prospectus\\_9751482f-0c74-4b21-a473-544fe18b2008.pdf](http://www.ise.ie/debt_documents/Banca%20IFIS%20EMTN%20Programme%20-%20Base%20Prospectus_9751482f-0c74-4b21-a473-544fe18b2008.pdf); and
- vii. the Terms and Conditions of the Notes contained in the supplement dated 2 March 2018 to the Base Prospectus dated 29 September 2017, pages 37 to 77 (inclusive), prepared by the Issuer in connection with the Programme which can be found at [http://www.ise.ie/debt\\_documents/Banca%20IFIS%20EMTN%20Programme%20-%20Supplement%20No.%201%20to%20Base%20Prospectus\\_11a78852-5ea9-42c9-a870-a3971d7d4bbe.pdf](http://www.ise.ie/debt_documents/Banca%20IFIS%20EMTN%20Programme%20-%20Supplement%20No.%201%20to%20Base%20Prospectus_11a78852-5ea9-42c9-a870-a3971d7d4bbe.pdf).
- viii. a press release dated 22 November 2018 entitled "*Banca IFIS's Acquisition of FBS has been approved*" (the "**FBS Acquisition Press Release**") relating to the approval by the Bank of Italy of the acquisition by the Issuer of control of FBS S.p.A., which can be found at <https://www.bancaifis.it/en/press-releases/banca-ifiss-acquisition-of-fbs-has-been-approved/>; and
- ix. pages 3 to 7, paragraph "*Declaration of the Manager charged with preparing the Company's financial reports*" at page 8 and pages 9 to 11 of the press release dated 11 February 2019 entitled "*The BoD approves the 2018 preliminary results net profit for the 4th quarter: 57,8 million Euro net profit for the year: 146,8 million Euro*" (the "**FY 2018 Preliminary Results Press Release**") relating to the preliminary results of the Issuer as of and for the year ended 31 December 2018, which can be found at [https://www.bancaifis.it/wp-content/uploads/2019/02/11022019\\_BANCA-IFIS\\_II-Cda-approva-i-risultati-preliminari-2018\\_ENG.pdf](https://www.bancaifis.it/wp-content/uploads/2019/02/11022019_BANCA-IFIS_II-Cda-approva-i-risultati-preliminari-2018_ENG.pdf). Pages 1 and 2 and the paragraph "*2019 Guidance*" of page 8 of such press release are not incorporated by reference as these are deemed not relevant for an investor."
2. The sub-section entitled "*Cross-reference list*" on page 32 of the Base Prospectus shall be amended by inserting the following cross-reference table immediately after the first paragraph:

***"Interim Report at 31 March 2019***

	<b>2019</b>
<b>Interim Directors' report on the Group</b>	
Section entitled <i>Highlights</i> .....	pp. 11-12
Section entitled <i>Contribution of operating segments to Group results</i> .....	pp. 18-30
<b>Reclassified Financial Statements</b>	
Reclassified Consolidated Statement of Financial Position.....	pp. 32-33
Reclassified Consolidated Income Statement.....	p. 34
Reclassified Consolidated Statement of Comprehensive Income.....	p. 35
Notes .....	pp. 36-58

***Annual Report at 31 December 2018***

**Directors' Report**

Section entitled <i>Group KPIs</i> .....	p. 85
Section entitled <i>APM – Alternative Performance Measures</i> .....	p. 95-96
Section entitled <i>Contribution of operating segments to Group results</i>	pp. 98-115
Section entitled <i>Loans to customers measured at amortised cost</i>	pp. 118
Section entitled <i>Funding</i>	pp. 120
Section entitled <i>Own funds and capital adequacy ratios</i>	pp. 123-125
<b>Consolidated Financial Statements</b>	
Consolidated Statement of Financial Position .....	p. 139
Consolidated Income Statement .....	p. 140
Consolidated Statement of Comprehensive Income .....	p. 141
Statement of Changes in Consolidated Equity as at 31 December 2018 .....	p. 142
Consolidated Cash Flow Statement.....	p. 144
Notes to the Consolidated Financial Statements.....	pp. 145
Independent auditors' report on the Consolidated Financial Statements.....	pp. 303

- Copies of each of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2018 and the Q1 2019 Results have been filed with the Central Bank and are incorporated by reference in and form part of this Supplement in their entirety.
- The sub-sections entitled "*Board of Directors*" and "*Board of Statutory Auditors*" on pages from 121 to 123 of the Base Prospectus shall be deleted in their entirety and replaced as follows:

**"Board of Directors**

As per the Company's statutes (the "**Articles of Association**"), the Board of Directors is composed of a minimum of five up to a maximum of fifteen members, elected by the Shareholders' Meeting. They remain in office for a maximum of three years, established at the moment of election and expiring on the date of the Shareholders' Meeting called to approve the annual financial statements for their last year of office.

Pursuant to the Consolidated Banking Law, the members of the Board of Directors are required to abide by specific professional, ethical and independency requirements.

The following table sets forth the names, positions and principal activities of the current members of the Board of Directors.

The current Board of Directors was elected at the shareholders' meeting of 19 April 2019 for the years 2019, 2020 and 2021 and will expire on the date in which the shareholders' meeting called to approve the Annual financial statements for the year 2021 takes place.

<u>Name</u>	<u>Position</u>	<u>Principal Activities Outside the Issuer</u>
Sebastien Fürstenberg	Egon Chairman	Chairman of La Scogliera S.p.A.
Ernesto Fassio	Fürstenberg Deputy Chairman	Chief Executive Officer of La Scogliera S.p.A.
Luciano Colombini	Chief Executive Officer	Chief Executive Officer of IFIS NPL S.p.A.
Alessandro Csillaghy de Pacser	Director	Chairman and Chief Executive Officer of IFIS Finance Sp. Z o.o.
Simona Arduini	Director	Professor of Business Economics at the Università degli Studi Roma Tre
Luca Lo Giudice	Director	Lawyer
Beatrice Colleoni	Director	Entrepreneur
Monica Billo	Director	Professor of Econometrics at the Università Ca' Foscari di Venezia
Divo Gronchi	Director	Director of IFIS NPL S.p.A
Roberto Diacetti	Director	Chairman of the Roma Convention Group S.p.A.
Antonella Malinconico	Director	Director of IFIS NPL S.p.A. and Professor of Banking and Finance at the University of Sannio
Daniele Santosuosso	Director	Director of Lottomatica S.p.A. and Sintesi S.p.A., and Professor of Commercial Law at the University La Sapienza, in Rome

The business address of each of the members of the Board of Directors is Via Terraglio 63, Mestre, 30174 Venice, Italy.

### ***Board of Statutory Auditors***

Each member of the Board of Statutory Auditors is appointed by the shareholders and the board is composed of three regular auditors, one of whom is appointed as chairman, and two alternate auditors. Members of the Board of Statutory Auditors are elected by the shareholders for a term of three years until the date of the shareholders' meeting called for the approval of the financial statements relating to the third year of such appointment.

The Board of Statutory Auditors is part of the internal control system and its activities are carried out in compliance with the relevant regulatory requirements, including those set out by the Bank of Italy.

The Board of Statutory Auditors supervises:

- compliance with the law and the Articles of Association;
- observance of the principles of proper administration;
- the appropriateness of the organisational, administrative and accounting structure adopted by the Company and its concrete functioning;
- adequacy and functionality of the Issuer's internal audit system;
- exercise of management and coordination by the Bank;
- other records and actions specified by the law.

The Board of Statutory Auditors ascertains, in particular, the adequate coordination of all the functions and structures involved in the Internal Audit System, including the Independent Auditors in charge of the audit, promoting, if necessary, the appropriate corrective measures.

The Board of Statutory Auditors informs the Board of Directors of any failings and irregularities it has found, asks for the adoption of appropriate corrective measures and verifies their effectiveness over time.

The following table sets forth the names, positions and principal activities of the current members of the Board of Statutory Auditors, all of whose appointments expire at the annual shareholders' meeting which is called for the approval of the Issuer's annual financial statements as of and for the year ending 31 December 2021:

<u>Name</u>	<u>Position</u>	<u>Principal Activities Outside the Issuer</u>
Giacomo Bugna	Chairman	Chairman of the Board of Statutory Auditors of IFIS Rental Services S.r.l. IFIS NPL S.p.A. and Cap.Ital.Fin S.p.A. and Statutory Auditor of FBS S.p.A. and FBS Real Estate S.p.A.
Franco Olivetti	Statutory Auditor	Accountant
Marinella Monterumisi	Statutory Auditor	Accountant
Giuseppina Manzo	Alternate Auditor	-
Alessandro Carducci Artenisio	Alternate Auditor	-

In accordance with Italian law, members of the Board of Statutory Auditors are registered members of the registry of certified public accountants (*Revisori Legali*) held by the Italian Ministry of Economy and Finance.

The business address of the members of the Board of Statutory Auditors is Via Terraglio 63, Mestre, 30174 Venice, Italy.

#### *Conflicts of Interest*

As of the date of this Supplement, there is no actual or potential conflict of interest between the duties of any of the members of the Board of Directors or Board of Statutory Auditors of the Issuer and their respective private interests or other duties."

## TAXATION

5. The sub-paragraph entitled "*FATCA*" on page 132 of the Base Prospectus is deleted in its entirety and replaced as follows:

"Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" 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. A number of jurisdictions (including the jurisdiction of the Issuer) 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. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, 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 the Notes, such withholding would not apply prior to 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. However, if additional notes (as described under "*Terms and Conditions—Further Issues*") that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes."

## GENERAL INFORMATION

6. The paragraph entitled "*Significant Material Change*" on page 137 of the Base Prospectus is deleted in its entirety and replaced as follows:

### **"6. Significant Material Change**

Since 31 December 2018 there has been no material adverse change in the prospects of the Issuer and since 31 March 2019 there has been no significant change in the financial or trading position of the Issuer."

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Copies of this Supplement and of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2018 and the Q1 2019 Results, each incorporated by reference in this Supplement, may be inspected in electronic format during normal business hours at the specified office of each Paying Agent and will be electronically available for viewing on the Issuer's website ([www.bancaifis.it](http://www.bancaifis.it)).