

**SUPPLEMENT NO. 2 DATED 11 APRIL 2018 TO THE BASE PROSPECTUS  
DATED 29 SEPTEMBER 2017**

**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 29 September 2017 as supplemented by a supplement dated 2 March 2018 (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 (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) update the section of the Base Prospectus entitled “*Alternative Performance Measures*”, (ii) incorporate by reference the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2017, 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 11 April 2018.**

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.

## **ALTERNATIVE PERFORMANCE MEASURES**

1. The section entitled “*Alternative Performance Measures*” on page (iv) of the Base Prospectus is deleted in its entirety and replaced as follows:

“

### **ALTERNATIVE PERFORMANCE MEASURES**

In order better to evaluate Banca IFIS’s financial management performance, management has identified Alternative Performance Measures (each an “**APM**”). Management believes that these APMs provide useful information for investors as regards the financial position, cash flows and financial performance of the same, because they facilitate the identification of significant operating trends and financial parameters.

This Base Prospectus contains the following alternative performance measures as defined by the European Securities and Markets Authority’s Guidelines on Alternative Performance Measures (ESMA/2015/1415), which are used by the management of the Issuer to monitor its financial and operating performance:

“**ROA**”: Return on Assets is an indicator that measures the return on the invested capital or the business carried out. It is the ratio between pre-tax operating profit and total assets

“**ROE**”: Return On Equity is a synthetic measure of the company’s operating results. It is calculated as the ratio of net profit to the average of equity.

“**ROCA**”: Return on Core Assets is an indicator of the return on the assets dedicated to the core business. It is calculated as the ratio between gross profit minus net earnings on debt securities and total assets excluding debt securities.

“**Cost/Income ratio**”: Cost/Income ratio is a ratio of operating costs to net banking income.<sup>1</sup>

“**Book value per share**”: Book value per share is an indicator of the value of each share based on the book value of company’s assets minus its liability. It is calculated as the ratio of consolidated equity to the number of shares outstanding.

“**Payout Ratio**”: Payout Ratio is a ratio of dividends to net profits. It is calculated as the ratio of Parent company dividends to consolidated net profit.

“**Parent company dividends**”: Parent company dividends is an indicator of dividends paid by Banca IFIS S.p.A. It is the product of the dividends payable per share multiplied by the number of shares outstanding.

It should be noted that:

- i. the APMs are based exclusively on Banca IFIS Group historical data and are not indicative of future performance;

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<sup>1</sup> For this purpose, net impairment losses on receivables of the NPL Area were reclassified to interest receivable and similar income to present more fairly this particular business, for which net impairment losses represent an integral part of the return on the investment.

- ii. the APMs are not derived from IFRS, they are derived from the consolidated financial statements of the Group prepared in conformity with these principles, and they are not subject to audit;
- iii. the APMs are non-IFRS financial measures and are not recognised as a measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measures derived in accordance with IFRS or any other generally accepted accounting principles;
- iv. the APMs should be read together with financial information for the Group taken from the consolidated financial statements of the Issuer;
- v. as the APMs are non-IFRS measures, the definitions of APMs used by the Group may differ from, and therefore not be comparable to, those used by other companies/groups; and
- vi. the APMs and definitions used herein are consistent and standardised for all the period for which financial information in this Base Prospectus are included. ”

## INFORMATION INCORPORATED BY REFERENCE

- 2. At page 26 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 audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2017, prepared in accordance with IFRS, together with the accompanying notes and the independent auditors’ 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);
- ii. the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2016, prepared in accordance with IFRS, together with the accompanying notes and the independent auditors’ 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);
- iii. the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2015, prepared in accordance with IFRS, together with the accompanying notes and the independent auditors’ report, which can be found at [http://www.bancaifis.it/wp-content/uploads/2016/10/2015\\_Consolidated\\_Annual\\_Report.pdf](http://www.bancaifis.it/wp-content/uploads/2016/10/2015_Consolidated_Annual_Report.pdf);
- iv. the unaudited consolidated interim report of the Issuer as at and for the six months ended 30 June 2017, prepared in accordance with IFRS, together with the accompanying notes, which can be found at [https://www.bancaifis.it/wp-content/uploads/2017/08/Relazione-Semestrale-ENG\\_30.06.2017v2.pdf](https://www.bancaifis.it/wp-content/uploads/2017/08/Relazione-Semestrale-ENG_30.06.2017v2.pdf),
- v. a press release dated 30 January 2018 entitled “*Banca IFIS: agreements to purchase Credifarma SpA signed*” (the “**Credifarma S.p.A. Press Release**”)

relating to the acquisition by the Issuer of a controlling interest in Credifarma S.p.A., which can be found at <https://www.bancaifis.it/en/press-releases/banca-ifis-agreements-to-purchase-credifarma-spa-signed/>;

- vi. a press release dated 2 February 2018 entitled “*Banca IFIS has completed today the acquisition of Cap.Ital.Fin S.p.A. and enters the CQS (Salary-Backed Loan) market*” (the “**Cap.Ital.Fin S.p.A. Press Release**”) relating to the acquisition by the Issuer of control of Cap.Ital.Fin S.p.A., which can be found at <https://www.bancaifis.it/en/press-releases/banca-ifis-has-completed-today-the-acquisition-of-cap-ital-fin-s-p-and-enters-the-cqs-salary-backed-loan-market/>; and
  - vii. a press release dated 8 February 2018 entitled “*Banca IFIS Group: 180,8 million Euro in profit, extremely robust capital ratios (CET1: 15,64%<sup>1</sup>). The dividend guidance continues improving, 1 Euro/share.*” (the “**FY 2017 Preliminary Results Press Release**”) relating to the preliminary results of the Issuer as of and for the year ended 31 December 2017, which can be found at <https://www.bancaifis.it/en/press-releases/banca-ifis-group-1808-million-euro-profit-extremely-robust-capital-ratios-cet1-15641-the-dividend-guidance-continues-improving-1-euroshare/>. ”
3. The sub-section entitled “*Cross-reference list*” on page 26 of the Base Prospectus shall be amended by inserting the following cross-reference table immediately after the first paragraph:

***“Audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2017***

Section entitled <i>Group KPIs</i> .....	p. 86
Section entitled <i>APM – Alternative Performance Measures</i> .....	pp. 94-95
Section entitled <i>Contribution of business segments</i> .....	pp. 99-114
Section entitled <i>Loans to customers</i> .....	pp. 116-119
Section entitled <i>Funding</i> .....	p. 123
Section entitled <i>Own funds and capital adequacy ratios</i> .....	pp. 128-130
Consolidated Statement of Financial Position .....	p. 145
Consolidated Income Statement .....	p. 146
Consolidated Statement of Comprehensive Income .....	p. 147
Statement of Changes in Consolidated Equity .....	p. 148
Consolidated Cash Flow Statement .....	p. 150
Notes to the financial statements .....	pp. 151 – 282
Independent auditors’ report .....	pp. 295 – 300”

4. Copies of the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2017 have been filed with the Central Bank. Information contained in the audited consolidated annual financial statements of the Issuer as of and for the year ended 31 December 2017 other than the information listed in the cross-reference table at paragraph 3 above does not form part of this Supplement or the Base Prospectus.

**GENERAL INFORMATION**

5. The paragraph entitled “*Significant Material Change*” on page 124 of the Base Prospectus is deleted in its entirety and replaced as follows:

**“6. Significant Material Change**

Since 31 December 2017 there has been no material adverse change in the prospects of the Issuer and 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 2017 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)).