

FIRST SUPPLEMENT DATED 8 OCTOBER 2019
TO THE BASE PROSPECTUS DATED 30 NOVEMBER 2018



BANCA FARMAFACTORING S.p.A.

(incorporated as a joint stock company (società per azioni) in the Republic of Italy)

€1,000,000,000

Euro Medium Term Note Programme

This supplement (the “**Supplement**”) to the base prospectus dated 30 November 2018 (the “**Base Prospectus**”), constitutes a supplementary prospectus for the purposes of Article 16 of Directive 2003/71/EC, as amended or superseded (the “**Prospectus Directive**”) as implemented in Ireland by the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the “**Prospectus Regulations**”) and is prepared in connection with the Euro Medium Term Note Programme (the “**Programme**”) established by Banca Farmafactoring S.p.A. (the “**Issuer**”). Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement is supplemental to, and should be read in conjunction with, 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. This Supplement has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this Supplement as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive.

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.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or any of their respective affiliates as to the accuracy or completeness of the information contained or incorporated in this Supplement or any other

information provided by the Issuer in connection with the Programme. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Supplement or any other information provided by the Issuer in connection with the Programme.

This Supplement has been produced for the purpose of amending and supplementing the following sections of the Base Prospectus:

- Cover Page;
- Risk Factors;
- Documents Incorporated by Reference;
- Selected Consolidated Financial Data;
- Description of the Issuer and the Group;
- Taxation; and
- General Information.

COVER PAGE

On the cover page of the Base Prospectus, the fourth paragraph shall be deleted and shall be replaced as follows:

“Interest and/or other amounts payable under the Notes may be calculated by reference to benchmarks including EURIBOR, LIBOR or WIBOR, in each case as specified in the relevant Final Terms or Drawdown Prospectus (as defined below) as the case may be. As at the date of this Base Prospectus, EURIBOR is provided and administered by the European Money Markets Institute (“**EMMI**”), LIBOR is provided and administered by ICE Benchmark Administration Limited (“**ICE**”) and WIBOR is provided and administered by GPW Benchmark S.A. (“**GPW**”). At the date of this Base Prospectus, ICE and EMMI are authorised as benchmark administrators, and included on, whereas GPW is not included on, the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (“**ESMA**”) pursuant to Article 36 of Regulation (EU) No. 2016/1011 (the “**Benchmarks Regulation**”). As far as the Issuer is aware, the transitional provisions in Article 51 of the Benchmarks Regulation apply, such that GPW is not currently required to obtain authorisation or registration (or, if located outside the European Union, recognition, endorsement or equivalence).”

RISK FACTORS

On page 35 of the Base Prospectus, the risk factor entitled “*No credit rating has been assigned to us, which could hinder our ability to access funding.*” shall be deleted and shall be replaced as follows:

“Downgrade of the Issuer’s credit ratings.

Our creditworthiness is measured, *inter alia*, through the ratings assigned by one or more international credit rating agencies. The rating is an assessment of our ability to fulfil our financial obligations, including those relating to the Notes. As at the date of this Base Prospectus, our credit ratings by Moody’s France SAS are as follows:

- Long-term issuer rating: Ba1, positive outlook;
- Long-term deposit rating: Baa3, positive outlook;
- Short-term deposit rating: P-3; and
- Baseline credit assessment (BCA): Ba3.

Moody’s France SAS is established in the European Union and is registered under Regulation (EC) No. 1060/2009, as subsequently amended.

A downgrade of any of our ratings (for whatever reason) could be an indicator of a reduced ability to fulfil our financial commitments compared to the past and might result in higher funding and refinancing costs for us in the capital markets. In addition, a downgrade of any of our credit ratings may have a particularly adverse effect on our reputation as a participant in the capital markets, as well as in the eyes of our clients. These factors may have an adverse effect on our business, results of operations and financial condition.”

.....

On page 38 of the Base Prospectus, the fourth, fifth and sixth paragraphs of the risk factor entitled “*Changes in tax laws or the tax rate to which we are subject could materially impact our financial position*” shall be deleted and shall be replaced as follows:

“Furthermore, the Law No. 145 of 30 December 2018 (the “**Finance Bill 2019**”), repeals the ACE deduction as from 1 January 2019. However, according to the Draft Finance Bill 2019, the unused ACE deduction accrued as at 31 December 2018 can still be used according to the provision under art. 3, paragraph 2 of ACE implementing Ministerial Decree 3 August 2017.

The Finance Bill 2019 also contains other provisions affecting the Issuer’s tax rate or financial positions, such as:

- (i) deferral to the tax year pending on 31 December 2026 of the deduction, granted for 2018 in relation to both IRES and IRAP purposes by article 16, paragraphs 4 and 9 of Law Decree no. 83 of 27 June 2015 converted into Law no. 132 of 6 August 2015, of 10% of the stock of write-offs related to “loans to customers” that had not been already deducted as at 31 December 2015;
- (ii) deferred deduction through 10 equal instalments in each tax year, both for IRES and IRAP purposes, of the loss allowance for expected credit losses, accounted for under the first time adoption of para 5.5 of international financial reporting standard IFRS 9, in relation to financial assets whose write-offs are deductible under ordinary rules (such as “loans to customers”).”

DOCUMENTS INCORPORATED BY REFERENCE

On pages 67 and 68 of the Base Prospectus, the section headed “*Documents Incorporated by Reference*” shall be deleted in its entirety and replaced as follows:

“DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Base Prospectus and have been filed with the CBI shall be incorporated by reference in, and form part of, this Base Prospectus:

- (a) the unaudited consolidated condensed interim financial statements of the Group as at and for the six months ended on 30 June 2019, prepared in accordance with IFRS and together with the accompanying notes and auditors’ reports which can be found on the Issuer’s website at:

<https://investor.bffgroup.com/documents/956773/0/1H+2019+consolidated+financial+report.pdf/>

- (b) the press release entitled “*BFF BANKING GROUP 1H 2019 FINANCIAL RESULTS - ERRATA CORRIGE for amendment to the Liquidity Coverage Ratio*” dated 9 August 2019 which can be found on the Issuer’s website at:

https://investor.bffgroup.com/documents/20152/0/ERRATA+CORRIGE+This+nullifies+and+replaces+the+previous+one+for+amendment+to+LCR_BFF+-+PR+1H+2019+financial+results+%5BENG%5D.pdf/e687bc14-58f4-22b2-a2ae-6b9dd9c0b518

- (c) the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2018, prepared in accordance with IFRS and together with the accompanying notes and auditors’ reports which can be found on the Issuer’s website at:

https://investor.bffgroup.com/documents/20152/1041339/Bilancio_Consolidato_Eng+rev04.pdf/e807715a-35f3-4f66-e4e1-a2d22e169b53

- (d) the press release entitled “*The Board of Directors of BFF approved today the 2018 consolidated accounts of BFF Banking Group*” dated 8 February 2019 which can be found on the Issuer’s website at:

<https://investor.bffgroup.com/documents/20152/398413/BFF+PR+FY18+08.02.2019+%5BENG%5D.pdf/61113d75-8a76-b090-0fd5-0fabae5e9c3>

- (e) the audited consolidated annual financial statements of the Group as at and for the year ended 31 December 2017, prepared in accordance with IFRS and together with the accompanying notes and auditors’ reports which can be found on the Issuer’s website at:

https://investor.bffgroup.com/documents/956773/1184795/reports_2017-440.pdf/5974671f-509f-595c-9eca-fb78da93afbb

- (f) the articles of association (*statuto*) of the Issuer (incorporated for information purposes):

<https://www.bffgroup.com/documents/20152/0/2019-09-27-Statuto+BFF-ENG-clean.pdf/ffc75fb1-29ee-3f6a-84ac-85054e09d051>

with an English translation thereof and, in the case of the documents listed under paragraphs (c) and (e) above, together with the audit reports prepared in connection therewith. Any statement contained in this Base Prospectus or in a document which is incorporated by reference herein (including without limitation the documents listed under paragraphs (a) to (f) above) shall be deemed to be modified or superseded for the purpose of this Base Prospectus to the extent that a statement contained in any document which is

subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

Copies of documents incorporated by reference in this Base Prospectus can be obtained from the registered office of the Issuer and will also be published on Euronext Dublin's website (<http://www.ise.ie/>).

The Issuer will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Base Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Base Prospectus or publish a new Base Prospectus for use in connection with any subsequent issue of Notes.

The tables below set out the relevant page references for the notes and the auditor's report in respect of the consolidated condensed interim financial statements of Banca Farmafactoring S.p.A. as at and for the period ended 30 June 2019 and for each of the annual consolidated financial statements of Banca Farmafactoring S.p.A. as at and for the years ended 31 December 2018 and 31 December 2017.

Cross Reference List

(A) Banca Farmafactoring S.p.A.

| Document | Information incorporated | Page numbers |
|---|--|---------------------|
| Banca Farmafactoring S.p.A. unaudited consolidated interim report as at and for the six months ended 30 June 2019 | Unaudited consolidated condensed interim financial statements: | |
| | <i>Consolidated Balance Sheet</i> | 61-62 |
| | <i>Consolidated Income Statement</i> | 63 |
| | <i>Consolidated Comprehensive Income</i> | 64 |
| | <i>Consolidated Statement of Changes in Equity</i> | 65 |
| | <i>Consolidated Statement of Cash Flows</i> | 66-67 |
| | <i>Notes to the Consolidated Financial Statements</i> | 69-161 |
| | <i>Independent Auditors' Report</i> | 173-175 |

| Document | Information incorporated | Page numbers |
|---|---|---------------------|
| Banca Farmafactoring S.p.A. audited consolidated financial statements as at and for the financial year ended 31 December 2018 | Audited consolidated annual financial statements: | |
| | <i>Consolidated Balance Sheet</i> | 68-69 |
| | <i>Consolidated Income Statement</i> | 70 |
| | <i>Consolidated Comprehensive Income</i> | 71 |
| | <i>Consolidated Statement of Changes in Equity</i> | 72-73 |
| | <i>Consolidated Statement of Cash Flows</i> | 74-75 |
| | <i>Notes to the Consolidated Financial Statements</i> | 76-247 |
| | <i>Independent Auditors' Report</i> | 253-261 |

| Document | Information incorporated | Page numbers |
|---|--|---------------------|
| Banca Farmafactoring S.p.A. audited consolidated financial statements as at and for the financial year ended 31 December 2017 | Audited consolidated annual financial statements: | |
| | <i>Consolidated Balance Sheet</i> | 70-71 |
| | <i>Consolidated Income Statement</i> | 72 |
| | <i>Consolidated Comprehensive Income</i> | 73 |
| | <i>Consolidated Statement of Changes in Equity</i> | 74-75 |

| Document | Information incorporated | Page numbers |
|-----------------|---|---------------------|
| | <i>Consolidated Statement of Cash Flows</i> | 76-77 |
| | <i>Notes to the Consolidated Financial Statements</i> | 78-243 |
| | <i>Independent Auditors' Report</i> | 249-255 |

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 (as amended).”

SELECTED CONSOLIDATED FINANCIAL DATA

On page 137 of the Base Prospectus, the sub-section headed “*Alternative Performance Measures*” shall be deleted and replaced as follows:

“Alternative Performance Measures

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), (“APMs”) which are used by our management to monitor our financial and operating performance:

- Adjusted profit for the year: calculated as reported in the table above.
- Cost/income ratio adjusted is calculated as the ratio between (i) the sum of “Administrative expenses” net of “adjustment related to non-recurring administrative expenses” and the line items presented in the Group financial statements, (ii) “Impairment on tangible and intangible assets” and (iii) “Net Banking Income” net of adjustments related to non-recurring items.
- ROTE adjusted is calculated as the ratio between (i) “Adjusted profit for the year” (see above) and (ii) the line items presented in the Group financial statements and “Shareholders’ equity” excluding the income for the period and including the portion of the income that we do not intend to distribute related to one-off events, net of “Intangible assets”.
- Return on Risk weighted Assets (RoRWA), calculated as the ratio between (i) “Adjusted net interest income” and (ii) the average RWA (as the average of the values at the beginning and at the end of the period).
- Adjusted cost/loans ratio calculated as the ratio between (i) the sum of annualised “Administrative expenses” net of “adjustment related to non-recurring administrative expenses” and the line items presented in the Group financial statements, (ii) “Impairment on tangible and intangible assets” and (iii) average loans.

It should be noted that APMs are non-IFRS financial measures and are not recognised as measure of performance or liquidity under IFRS and should not be recognised as alternative to performance measure derived in accordance with IFRS or any other generally accepted accounting principles. APMs are not indicative of the Group’s (as such term is defined in the “*Terms and Conditions of the Notes*” above) historical operating results, nor are they meant to be predictive of future results. Since all companies do not calculate APMs in an identical manner, the Group’s presentation may not be consistent with similar measures used by other companies. Therefore, undue reliance should not be placed on these data.”

DESCRIPTION OF THE ISSUER AND THE GROUP

On page 142 of the Base Prospectus, the penultimate paragraph of the sub-section headed “*Our History and Development—History*” shall be deleted and replaced with the following paragraphs:

“On 29 March 2019, Centerbridge Capital Partners III (PEI) L.P. sold a 13% stake in our share capital, thus reducing BFF Luxembourg’s stake in our share capital to 32.80%.

On 29 May 2019, our Board of Directors approved the Group’s strategic plan for the period from 2019 to 2023 (the “**Strategic Plan**”). The Strategic Plan is aimed at (i) developing our current core business and improving operating efficiency, (ii) optimising funding and capital, also by extending our online deposit offering (while leveraging on third party platforms) into new European countries and (iii) consolidating our existing business and/or expanding into other underserved markets, potentially through merger and acquisition transactions. The development of our current core business and improvement of operating efficiency may be achieved by further strengthening our leadership position in Italy, expanding our business in Southern Europe, capturing the growth potential of BFF Polska’s business in Central Eastern Europe, strengthening relationships with clients’ headquarters and increasing cross-border deals, expanding into other countries (France, Romania, Bulgaria and Hungary), expanding our target client base to smaller suppliers by leveraging on digital platforms and widening the product offering to segments/business lines adjacent to current operations. The Strategic Plan sets out (i) the main growth opportunities for each of the products we offer (non-recourse factoring, credit management and lending), (ii) the key dynamics of funding and capital and (iii) the drivers and trends of our main profit and loss items.

On the same date, our Board of Directors also approved the Group’s three-year financial plan which sets certain targets for volume and loan growth, adjusted net profit growth and return on average tangible equity (RoTE).

In August 2019, after receiving the Bank of Italy’s approval, we began operations in France and completed the first non-recourse purchase of receivables due from the national healthcare system.

In September 2019, after receiving the Polish financial supervision authority’s approval, we opened a branch in Poland and launched Facto, our on-line term deposit.

On 30 September 2019, we completed the acquisition of IOS Finance, E.F.C., S.A. (“**IOS Finance**”) for a total consideration of €26.4 million.

In September and at the beginning of October 2019, we started operations for the collection of online deposits in the Netherlands and Ireland, respectively, after receiving the relevant authorisations from the Bank of Italy and the Bank of Spain.

.....
On page 142 of the Base Prospectus, the sub-section headed “*Shareholders, share capital and subsidiaries—Share Capital*” shall be deleted in its entirety and replaced as follows:

“*Share Capital*”

As at 30 June 2019, the Issuer had an authorised share capital of €38,897,170.72, €31,216,500.80 of which had been subscribed for and paid in, represented by 170,411,040 ordinary shares without nominal value and in dematerialised form. The remaining €7,680,669.92 of the authorised share capital may be issued and paid up through:

- the issuance of a maximum residual number of new shares equal to 8,879,360, in one or more tranches until 5 December 2028, in execution of the share capital increase with payment resolved upon by the Extraordinary Shareholders’ Meeting held on 28 March 2019, with the exclusion of the

option right pursuant to article 2441, fifth and sixth paragraphs, of the Italian Civil Code, for a remaining amount of the authorised share capital equal to €6,837,107.20;

- the issuance of a maximum residual number of new shares equal to 1,095,536, in one or more tranches until 27 March 2024, in execution of the share capital increase without payment resolved upon by the Board Meeting held on 8 April 2019, under the mandate granted, pursuant to article 2443 of the Italian Civil Code, by the Extraordinary Shareholders' Meeting held on 28 March 2019, for a remaining amount of the authorised share capital equal to €843,562.72.

We are not subject to direction, management and control functions by BFF Luxembourg pursuant to Article 2497 of the Italian Civil Code.

For the sole purposes of prudential supervision reporting under the CRR, our parent company BFF Luxembourg is included in a consolidation perimeter and is consolidated into our financial statements.”

On page 143 of the Base Prospectus, the sub-section headed “*Shareholders, share capital and subsidiaries—Shareholders*” shall be deleted in its entirety and replaced as follows:

“*Shareholders*

The table below sets out the shareholders of the Issuer, as of the date of this Base Prospectus, including each shareholder’s approximate percentage shareholding, based on communications pursuant to Article 120 of Legislative Decree No. 58 of 24 February 1998 as amended:

| Name⁽¹⁾ | Percentage of share capital |
|---------------------------------|------------------------------------|
| BFF Luxembourg | 32.80 |
| Free Float ⁽²⁾ | 62.60 |
| Management ⁽³⁾ | 4.60 |
| Total | 100.000 |

(1) Source: official communication to the Issuer (Modello 120A – 120B) and “*Annual report on remuneration and incentive policy of Banca Farmafactoring Banking Group*” available on our website. The percentage stake is calculated on the total issued share capital as at 26 September 2019.

(2) Includes treasury shares.

(3) Shares held by the CEO and another 6 managers with strategic responsibilities as at 31 December 2018, as indicated in the “*Annual report on remuneration and incentive policy of Banca Farmafactoring Banking Group*” available on our website.”

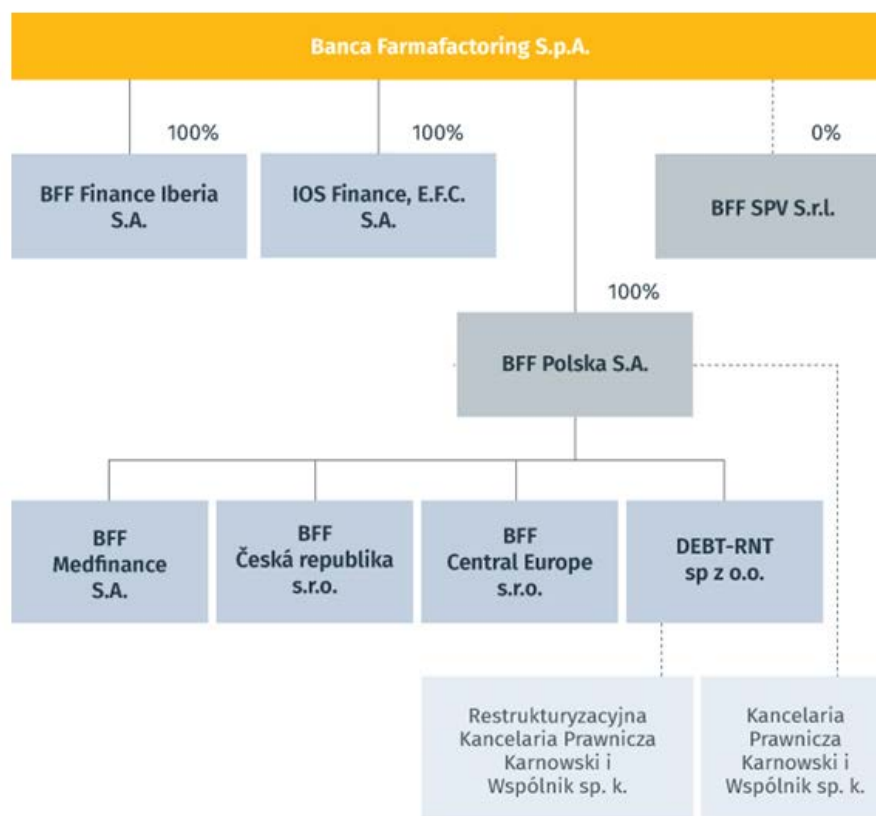
On pages 143-144 of the Base Prospectus, the sub-section headed “*Shareholders, share capital and subsidiaries— Subsidiaries*” shall be deleted in its entirety and replaced as follows:

“*Subsidiaries*

The Issuer, which is the parent company of the Group, holds 100% of the share capital of BFF Finance Iberia, 100% of the share capital of BFF Polska, 100% of the share capital of IOS Finance and exercises control over the special purpose entity BFF SPV.

The business of BFF SPV is focused on securitisation transactions and its exclusive purpose is to realize one or more securitisation transactions in relation to receivables pursuant to Article 3 of the Law No. 130 of 1999. Although we are not shareholders of BFF SPV, it must be consolidated into our financial statements in compliance with the “IFRS 10 Consolidated Financial Statements” issued by the IASB.

The structure of our Group is as follows:



As of the date of this Base Prospectus, we are the parent company of the following companies:

| Company | Registered office | Share capital | Shareholding |
|--------------------------------|---|----------------|--------------|
| BFF Finance Iberia S.A. | Calle Luchana No. 23 28010 Madrid (Spain) | €6,100,000.00 | 100% |
| BFF Polska S.A..... | Al. Marszałka Józefa Piłsudskiego 7690-330 Łódź (Poland) | PLN 38,488,000 | 100% |
| IOS Finance, E.F.C., S.A. | Paseo de la Castellana, 18, 7ª planta, 28046 Madrid (Spain) | €5,109,000.00 | 100% |
| BFF Central Europe s.r.o. | Mostova 2 811 02 Bratislava (Slovakia) | PLN 23,000 | 100% |
| BFF Česká republika s.r.o..... | Roztylská 1860/1 Prague (Czech Republic) | PLN 112,000 | 100% |
| BFF Medfinance S.A. | Al. Marszałka Józefa Piłsudskiego 7690-330 Łódź (Poland) | PLN 8,500,000 | 100% |

In addition, as of the date of this Base Prospectus, BFF Polska owns 100% of the certificates issued by Komunalny FIZ and Medico NSFIZ (the “**Medico Fund**”), which are two closed-ended investment funds established in Poland.”

On pages 160-161 of the Base Prospectus, the sub-section headed “*Recent Developments*” shall be deleted in its entirety and replaced as follows:

“Acquisition of 100% of the share capital of IOS Finance

On 10 April 2019, we entered into a sale and purchase agreement for the acquisition of the entire share capital of IOS Finance for a cash only consideration of €25 million (subject to a price adjustment mechanism based on the net asset value at completion) with IOS Finance’s shareholders, as sellers.

IOS Finance provides credit management and non-recourse factoring services to suppliers of the national healthcare system and other public administration entities in Spain. It mainly focuses on the national healthcare system segment and works with debtors across all the autonomous regions of Spain, covering

more than 710 hospitals (public and private), 70 public administration entities and offering clients both tailor-made credit management and non-recourse factoring solutions.

The acquisition was completed on 30 September 2019, following the non-opposition of the Bank of Spain and of the Bank of Italy, for a total cash only consideration of €26.4 million (equal to €25 million in cash consideration plus €1.4 million in price adjustment). We also fully repaid the loan provided by Deutsche Bank AG to IOS Finance, for an amount equal to €81 million. We are planning to merge IOS Finance into BFF Finance Iberia by the first quarter of 2020 at the latest.

As a result of the acquisition, we aim to strengthen our leadership position in Europe, in particular in the Iberian market. This will permit us to gear-up growth in Spain, which is an underpenetrated market for national healthcare system and public administration factoring, where the current political environment could result in longer DSOs. In addition to increasing our geographical diversification, we will be able to expand our credit management offering to Spain. As we will be integrating IOS Finance's experienced team into our growing Spanish business, we expect to benefit from potential synergies.

Approval by the Polish financial supervision authority of our application to open a branch in Poland

In July 2019, our application to open a branch in Poland for the collection of deposits was approved by the Polish financial supervision authority (Komisja Nadzoru Finansowego - KNF). On 19 September 2019, we opened a branch in Poland and launched Facto, our on-line term deposit.

New organisational structure

In the first quarter of 2019, we adopted a new organisational structure which introduced the following changes: (i) the reorganisation of the sales team in Italy, through the appointment of a new Head of Sales and the reallocation of the team into three different areas, (ii) the consolidation of the international department's role by requiring all credit business outside of Italy, including BFF Polska and its subsidiaries, to report directly to such department and by creating a new "Cross Border Sales" unit within such department to drive sales to multinational companies, (iii) the insourcing of activities in Poland and reorganisation of the collection team, by transferring most of the credit management's back-office activities in Italy to a unit in Poland, while the resources that previously worked in the back-office in Italy will join the front office team to strengthen BFF's collection activities and (iv) the creation of the Group's Chief Financial Officer position responsible for pricing, credits evaluation, finance & treasury and planning & administration.

Collection of online deposits in the Netherlands and Ireland

In July 2019, we filed an application with the Bank of Italy and the Bank of Spain for the collection of online deposits in the Netherlands and Ireland. After receiving the relevant authorisations, we started operations in September and at the beginning of October 2019, respectively, following the model of the "Cuenta Facto" term deposit account service in Germany (*i.e.* by carrying out the collection of deposits through a third party platform, using our Spanish branch).

Rating

On 2 October 2019, the Issuer received its first official rating by Moody's France SAS, which assigned to it a long-term issuer rating of "Ba1" with positive outlook.

In particular, Moody's France SAS assigned to the Issuer the following ratings:

- Long-term issuer rating: "Ba1", positive outlook;
- Long-term deposit rating: "Baa3", positive outlook;
- Short-term deposit rating: "P-3";

- Baseline credit assessment (BCA): “Ba3”. ”

TAXATION

On page 162 of the Base Prospectus, the second and third paragraphs of the sub-section headed “*Tax treatment of Notes issued by the Issuer*” shall be deleted and replaced as follows:

“Pursuant to Article 44 of Decree No. 917 of 22 December 1986, for securities to qualify as *titoli similari alle obbligazioni* (securities similar to bonds), they must (i) incorporate an unconditional obligation to pay at maturity an amount not lower than their nominal value or principal amount (“*valore nominale*”) and (ii) attribute to the Noteholders no direct or indirect right to control or participate to the management of the Issuer.

The tax regime set forth by Decree 239 also applies to interest, premium and other income from regulatory capital financial instruments complying with EU and Italian regulatory laws and regulations in effect since the Issue Date, issued by, *inter alia*, Italian banks, other than shares and assimilated instruments, as set out by Article 2, paragraphs 22, of Law Decree No. 138 of 13 August 2011, as converted with amendments by Law No. 148 of 14 September 2011.”

.....

On page 164 of the Base Prospectus, the first and second paragraphs of the sub-section headed “*Non Italian resident Noteholders*” shall be deleted and replaced as follows:

“Where the Noteholder is a non-Italian resident without a permanent establishment in Italy to which the Notes are connected, an exemption from the *imposta sostitutiva* applies provided that the non-Italian resident beneficial owner is either (a) resident, for tax purposes, in a country which allows for a satisfactory exchange of information with Italy in the tax sector as listed in Ministerial Decree of 4 September 1996, as amended by Ministerial Decree of 23 March 2017 and possibly further amended according to Article 11(4)(c) of Decree 239 (as amended by Legislative Decree No.147 of 14 September 2015) (the “**White List**”); or (b) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (c) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (d) an institutional investor which is established in a country which allows for a satisfactory exchange of information with Italy, as listed in the White List, even if it does not possess the status of taxpayer therein.

In order to ensure gross payment, non-Italian resident Noteholders must be the beneficial owners of the payments of Interest or an institutional investor and (a) deposit in due time, directly or indirectly, the Notes, together with the coupons relating to such Notes, with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system having appointed an Italian representative for the purposes of Decree 239 (which includes Euroclear and Clearstream), which is in contact, via computer, with the Ministry of Economy and Finance and (b) file with the relevant depository, in due time, a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by Ministerial Decree of 12 December 2001, as subsequently amended.”

.....

On page 165 of the Base Prospectus, the third and fourth paragraphs of the sub-section headed “*Tax treatment of atypical securities*” shall be deleted and replaced as follows:

“In all other cases, including when the Noteholder is a non-Italian resident, the withholding tax is a final withholding tax. For non-Italian resident Noteholders, the withholding tax rate may be reduced by any applicable tax treaty.

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 or a pension fund (subject to the regime provided for by Article 17 of the Legislative Decree No. 252 of 5 December 2005) may be exempt from the withholding tax on the proceeds relating to the Notes not falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) and issued by an Italian resident issuer, if such Notes are included in a long-term individual savings account (*piano individuale di risparmio a lungo termine*) that meets the requirements set forth in Article 1(88-114) of the Finance Act 2017.”

.....

On pages 166 and 167 of the Base Prospectus, the sixth, seventh and eighth paragraphs of the sub-section headed “*Taxation of capital gains*” shall be deleted and replaced as follows:

“Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Noteholders under (i) to (iii) above, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any incurred capital loss, realised by the Noteholder pursuant to all sales or redemptions of the Notes carried out during any given tax year. The relevant Noteholder must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay *imposta sostitutiva* on such gains together with any balance of income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Italian resident Noteholders under (i) to (iii) above may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the “*risparmio amministrato*” regime). Such separate taxation of capital gains is allowed subject to (a) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries (including permanent establishments in Italy of foreign intermediaries) and (b) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Noteholder. The depository intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholder or using funds provided by the Noteholder for this purpose. Under the *risparmio amministrato* regime, where a sale or redemption of the Notes results in a capital loss, such loss may be deducted from capital gains subsequently realised, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato* regime, the Noteholder is not required to declare the capital gains in the annual tax return.

Any capital gains realised by Italian resident Noteholders under (i) to (iii) above who have entrusted the management of their financial assets, including the Notes, to an authorised intermediary and have opted for the so-called “*risparmio gestito*” regime will be included, together with Interest relating to such Notes, in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a substitute tax at a rate of 26 per cent., to be paid by the managing authorised intermediary. Under

the *risparmio gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *risparmio gestito* regime, the Noteholder is not required to declare the capital gains realised in the annual tax return.”

.....

On page 167 of the Base Prospectus, point (a) of the thirteenth paragraph of the sub-section headed “*Taxation of capital gains*” shall be deleted and replaced as follows:

“(a) is resident in a country which allows for a satisfactory exchange of information with Italy in the tax sector, as listed in the White List;”

.....

On page 168 of the Base Prospectus, the following paragraph shall be added after the fifth paragraph of the sub-section headed “*Inheritance and gift taxes*”:

“Pursuant to article 6 Law no. 112/2016 (“*Legge sul Dopo di Noi*”) as amended by article 89, paragraph 8, Legislative Decree 3 July 2017, no.117, asset or other rights (a) contributed to a trust, or (b) subject to a scope restriction ex article 2645-ter Italian Civil Code, or (c) contributed to a special fund ruled by *contratto di affidamento fiduciario*, in favor of persons with severe disabilities, are exempt from inheritance and gift tax. Upon the death of the person with severe disabilities, inheritance and gift tax will be due by the last beneficiary of the transfer, to be specifically identified within the deed.”

GENERAL INFORMATION

On page 176 of the Base Prospectus, the sub-section headed “*Share Capital of the Issuer*” shall be deleted and replaced as follows:

“Share Capital of the Issuer

Pursuant to Article 5 of the By-laws, as at 30 June 2019 the authorised share capital of the Issuer was Euro €38,897,170.72, which had been subscribed for and paid in for €31,216,500.80 and was represented by 170,411,040 ordinary shares without nominal value.”

.....

On page 178 of the Base Prospectus, the sub-section headed “*Significant or Material Change*” shall be deleted and replaced as follows:

“Significant or Material Change

Save as described under “*Description of the Issuer and the Group—Recent Developments*”, there has been no change in the financial or trading position of the Issuer or the Group since 30 June 2019 and there has been no material adverse change in the prospects of the Issuer since 31 December 2018.”

.....

On page 178 of the Base Prospectus, the sub-section headed “*Material Contracts*” shall be deleted and replaced as follows:

“Material Contracts

Save as described under “*Description of the Issuer and the Group—Recent Developments*”, the Issuer has no material contracts in place which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer’s liability to meet its obligations under the Notes, other than those contracts entered into the ordinary course of business.”

.....

* * *

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, as amended by this Supplement, and (b) any other statement in or incorporated by reference in the Base Prospectus, the statements in (a) above will prevail.

The Issuer will provide, without charge, to each person to whom a copy of this Supplement has been delivered, upon the written or oral request of such person, a copy of the documents incorporated by reference in this Supplement. Written or oral requests for such information should be directed to the specified office of the Issuing and Paying Agent (see page 180 of the Base Prospectus).

Copies of the Base Prospectus and this Supplement, together with the documents incorporated by reference in this Supplement, are available on the website of the Irish Stock Exchange plc trading as Euronext Dublin (<http://www.ise.ie/>).