



**Unione di Banche Italiane S.c.p.a.**

*(incorporated as a joint stock co-operative society in the Republic of Italy under registered number 03053920165 in the Bergamo Company Register)*

**Euro 15,000,000,000 Debt Issuance Programme**

This Supplement (the **Supplement**) to the Prospectus dated 8 August 2011 (the **Prospectus**), which comprises a base prospectus under Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme (the **Programme**) of Unione di Banche Italiane S.c.p.a. (the **Issuer** or **UBI Banca**).

The Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer. Terms defined in the Prospectus have the same meaning when used in this Supplement.

The Issuer accepts responsibility for the information 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 produced to:

- (a) incorporate by reference the unaudited interim consolidated financial statements of the Issuer as at and for the six-months ended 30 June 2011;
- (b) disclose recent downgrades by Moody's of certain of the Issuer's ratings including the Issuer's long-term debt and deposit rating, short-term debt and deposit rating and Bank Financial Strength Rating, by Fitch of certain of the Issuer's ratings including the Issuer's long-term issuer default rating, short-term issuer default rating and viability rating, and by S&P of certain of the Issuer's ratings including the Issuer's long-term counterparty credit rating and short-term counterparty credit rating. This information amends certain rating information provided on the cover page of the Prospectus, in the risk factor entitled "*A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition*" on pages 18 and 19 of the Prospectus and in the section entitled "*UBI Banca and the UBI Banca Group*" under the sub-heading "*Ratings*" on page 58 of the Prospectus;
- (c) disclose recent changes to austerity measures introduced by the Italian government. This information supplements the risk factor entitled "*Impact of austerity measures on the Group*" on page 16 of the Prospectus; and
- (d) disclose recent changes affecting the current Italian tax treatment of the Notes. This information amends and supplements the section entitled "*Taxation*" and "*Taxation - Italian Taxation*" on pages 74 to 80 (inclusive) of the Prospectus.

Copies of the Prospectus, this Supplement and of documents containing information incorporated by reference in the Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (<http://www.ubibanca.it>).

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in, or incorporated by reference into, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus. An investor should be aware of its rights arising pursuant to Section 87Q(4) of the FSMA.

## **DOCUMENTS INCORPORATED BY REFERENCE**

By virtue of this Supplement, the unaudited interim consolidated financial statements of the Issuer as at and for the six-months ended 30 June 2011, which have previously been published or filed with the Financial Services Authority, are incorporated by reference in, and form part of, the Prospectus.

The consolidated financial statements referred to above are contained in the "UBI Banca Interim Financial Report as at and for the half year ended 30 June 2011", at the pages set out in the cross reference tables below.

Copies of documents containing information incorporated by reference in the Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (<http://www.ubibanca.it>). The financial statements referred to above, together with the auditors' report thereon, are available both in the original Italian and in English. The English language version represents a direct translation from the Italian language document.

For ease of reference, the table below sets out the relevant page references for the information contained in the financial statements referred to above, which is incorporated in and forms part of the Prospectus. Any information not listed in the cross reference table below but included in the publication in which information incorporated by reference appears, does not form part of the Prospectus as it is either not relevant for prospective investors in the Notes or is covered elsewhere in the Prospectus.

### **Unaudited interim consolidated financial statements of the Issuer as at and for the six-months ended 30 June 2011**

Independent Auditors' Report	Pages 183 to 186
Consolidated Statement of Financial Income	Page 160
Consolidated Income Statement	Page 161
Consolidated Statement of Comprehensive Income	Page 161
Statement of Changes in Consolidated Equity	Pages 162 to 163
Consolidated Statement of Cash Flows	Page 164
Notes	Pages 165 to 178

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

## MOODY'S ANNOUNCEMENT

On 1 September 2011 Moody's downgraded certain of the Issuer's ratings including the Issuer's long-term debt and deposit rating to A2 (from A1) and Bank Financial Strength Rating (BFSR) to C- (from C), and on 5 October 2011 it further downgraded certain of the Issuer's ratings including the Issuer's long-term debt and deposit rating to A3 (from A2), and downgraded the short-term debt and deposit rating to Prime 2 (from Prime 1). The outlook on the deposit rating and the outlook on the standalone rating have been changed to stable (from negative).

The following amendments shall be made to the Prospectus:

- (a) the reference to "'A1' (Senior unsecured) and 'A2' (Lower Tier 2 subordinated) by Moody's Italia S.r.l. ('Moody's')" in the last paragraph on the cover page of the Prospectus shall be deleted and replaced with "'A3' (Senior unsecured) and 'Baa1' (Lower Tier 2 subordinated) by Moody's Italia S.r.l. ('Moody's')";
- (b) the references to "'A1' from Moody's" in the second line of the risk factor entitled "A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition" on page 18 of the Prospectus shall be deleted and replaced with "'A3' from Moody's";
- (c) the reference to "'P-1' from Moody's" in the second line of the risk factor entitled "A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition" on page 18 of the Prospectus shall be deleted and replaced with "'P-2' from Moody's"; and
- (d) the references to Moody's Long-term Debt and Deposit Rating, Short-term Debt and Deposit Rating, Bank Financial Strength Rating, Baseline Credit Assessment, Outlook (Deposit Ratings) and Outlook (BFSR) contained in the section entitled "UBI Banca and the UBI Banca Group" under the sub-heading "Ratings" on page 58 of the Prospectus shall be deleted and replaced with the following:

"Moody's

<i>Long-term Debt and Deposit Rating</i>	<i>A3</i>
<i>Short-term Debt and Deposit Rating</i>	<i>Prime-2</i>
<i>Bank Financial Strength Rating</i>	<i>C-</i>
<i>Baseline Credit Assessment</i>	<i>Baa1</i>
<i>Outlook (Deposit Rating)</i>	<i>Stable</i>
<i>Outlook (BFSR)</i>	<i>Stable".</i>

## FITCH ANNOUNCEMENT

On 11 October 2011 Fitch downgraded certain of the Issuer's ratings including the Issuer's long-term issuer default rating to A- (from A), the Issuer's short-term issuer default rating to F2 (from F1) and the Issuer's viability rating to a- (from a). The outlook on the long-term issuer default rating has been changed to negative (from stable).

The following amendments shall be made to the Prospectus:

- (a) the reference to *"'A' (Senior unsecured debt) by Fitch Italia Società Italiana per il Rating S.p.A. ('Fitch')"* in the last paragraph on the cover page of the Prospectus shall be deleted and replaced with *"'A-' (Senior unsecured debt) by Fitch Italia Società Italiana per il Rating S.p.A. ('Fitch')"*;
- (b) the references to *"'A' from Fitch"* in the first line of the risk factor entitled *"A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition"* on page 18 of the Prospectus shall be deleted and replaced with *"'A-' from Fitch"*;
- (c) the reference to *"'F1' from Fitch"* in the second line of the risk factor entitled *"A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition"* on page 18 of the Prospectus shall be deleted and replaced with *"'F2' from Fitch"*; and
- (d) the references to Fitch Short-term Issuer Default Rating, Long-term Issuer Default Rating, Viability Rating and Outlook for Long-term Issuer Default Rating contained in the section entitled *"UBI Banca and the UBI Banca Group"* under the sub-heading *"Ratings"* on page 58 of the Prospectus shall be deleted and replaced with the following:

*"Fitch*

<i>Short-term Issuer Default Rating</i>	<i>F2</i>
<i>Long-term Issuer Default Rating</i>	<i>A-</i>
<i>Viability Rating</i>	<i>a-</i>
<i>Outlook for Long-term Issuer Default Rating</i>	<i>Negative"</i> .

## S&P ANNOUNCEMENT

On 18 October 2011 S&P downgraded certain of the Issuer's ratings including the Issuer's long-term counterparty credit rating to A- (from A) and the Issuer's short-term counterparty credit rating to A-2 (from A-1). The outlook has been changed to stable (from negative).

The following amendments shall be made to the Prospectus:

- (a) the reference to *"'A' (Senior unsecured debt) and 'A-' (Subordinated debt (Lower Tier 2)) by Standard and Poor's Credit Market Services Italy S.r.l. ('S&P')"* in the last paragraph on the cover page of the Prospectus shall be deleted and replaced with *"'A-' (Senior unsecured debt) and 'BBB+' (Subordinated debt (Lower Tier 2)) by Standard and Poor's Credit Market Services Italy S.r.l. ('S&P')"*;
- (b) the references to *"'A' from S&P"* in the second line of the risk factor entitled *"A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition"* on page 18 of the Prospectus shall be deleted and replaced with *"'A-' from S&P"*;
- (c) the reference to *"'A-1' from S&P"* in the second line of the risk factor entitled *"A downgrade of any of the Issuer's credit ratings may impact the Issuer's funding ability and have an adverse effect on the Issuer's financial condition"* on page 18 of the Prospectus shall be deleted and replaced with *"'A-2' from S&P"*; and
- (d) the references to S&P Short-term Counterparty Credit Rating, Long-term Counterparty Credit Rating and Outlook contained in the section entitled *"UBI Banca and the UBI Banca Group"* under the sub-heading *"Ratings"* on page 58 of the Prospectus shall be deleted and replaced with the following:

*"S&P*

*Short-term Counterparty Credit Rating*

*A-2*

*Long-term Counterparty Credit Rating*

*A-*

*Outlook*

*Stable"*.

## **RISK FACTORS**

On 14th September 2011 the Italian government introduced further austerity measures pursuant to the approval of Law Decree No. 138 of 13th August 2011, as converted by Law No. 148 of 14th September 2011.

The risk factor entitled "*Impact of austerity measures on the Group*" on page 16 of the Prospectus shall be amended by the addition of the words "*and Law Decree No. 138 of 13th August 2011, as converted by Law No. 148 of 14th September 2011*" after the words "*Law No. 111 of 15th July 2011*" and before the words "*, could reduce household disposable income*".

## TAXATION

The following amendments shall be made to the text appearing under the heading "Taxation" on page 74 of the Prospectus:

- (a) the two sentences starting with "*In the near future*," and ending with "*the current tax treatment of the Notes*." in the fifth paragraph shall be deleted in their entirety; and
- (b) the following shall be added after the seventh paragraph,

*"Law Decree No. 138 of 13th August 2011 ("Decree 138"), converted into law with amendments by Law No. 148 of 14 September 2011 published in the Official Gazette No. 216 of 16th September 2011, reformed the taxation of financial instruments, including the Notes, as further described below.*

*The new rules will be effective as of 1st January 2012 and may be based on future law provisions and/or clarifications.*

*Since Decree No. 138 has been recently introduced, no official guidance has been issued by the Italian tax authorities on the application of new rules and on the transitional; therefore, it cannot be excluded that - in the future - the Italian tax authorities or the Italian Legislator could issue decrees, rulings, circular letters or other explanatory notes that could alter or affect the tax treatment of the Notes, as described below."*

The following amendments shall be made to the section entitled "Taxation - Italian Taxation" on pages 74 to 80 (inclusive) of the Prospectus:

- (a) the following shall be added on page 75 of the Prospectus after the second paragraph under the sub-heading "*1. Tax treatment of the Notes qualifying as bonds or similar securities – 1.1 Notes with an original maturity of at least 18 months - 1.1.1 Italian Resident Noteholders*",

*"As of 1st January 2012, pursuant to Decree 138, the rate of imposta sostitutiva, where applicable, will be increased to 20%. Decree 138 provides that zero coupon bonds with a residual maturity over 12 months and Notes paying the first coupon not before 1 year after the change in tax rate are deemed to be transferred at the date of 31st December 2011 in order to debit the Noteholders with the substitute tax of 12.5% on interest accrued up to such date. This provision could be further amended or clarified by new tax guidelines."*

- (b) the following shall be added on page 75 of the Prospectus at the end of sub-paragraph "*(b) Funds*" after the seventh paragraph under the sub-heading "*1. Tax treatment of the Notes qualifying as bonds or similar securities – 1.1 Notes with an original maturity of at least 18 months - 1.1.1 Italian Resident Noteholders*",

*"As of 1st January 2012, pursuant to Decree 138, the rate of the substitute tax will be increased to 20%."*

- (c) the following shall be added on page 76 of the Prospectus after the first paragraph under the sub-heading "*1. Tax treatment of the Notes qualifying as bonds or similar securities – 1.1 Notes with an original maturity of at least 18 months - 1.1.2 Non-Italian Resident Noteholders*",

*"The imposta sostitutiva will be applicable at the rate of 12.5%. and, as of 1st January 2012, pursuant to Decree 138, at a rate of 20 %. (or, in any case, at the reduced rate provided for by the applicable double tax treaty, if any) to interest, premium and other income paid to Noteholders which are resident, for tax purposes, in countries which do not allow a satisfactory exchange of information with Italy."*

(d) on page 77 of the Prospectus the sub-heading "*1. Tax treatment of the Notes qualifying as bonds or similar securities – 1.1 Notes with an original maturity of at least 18 months - 1.1.3 Early Redemption*", shall be deleted;

(e) the following shall be added on page 77 of the Prospectus at the end of the first paragraph under the sub-heading "*1. Tax treatment of the Notes qualifying as bonds or similar securities – 1.2 Notes with an original maturity of less than 18 months*",

*"As of 1 January 2012, pursuant to Decree 138, the rate of the withholding tax will be decreased to 20%."*;

(f) the following shall be added on page 77 of the Prospectus after the second paragraph under the sub-heading "*2. Tax treatment of Notes qualifying as atypical securities (titoli atipici)*",

*"As of 1st January 2012, pursuant to Decree 138, the withholding tax will be applied at a rate of 20%."*

(g) the following shall be added on page 78 of the Prospectus after sub-paragraph "*(c) discretionary investment portfolio regime ("Regime del Risparmio Gestito")*" under paragraph three under the sub-heading "*3. Capital Gains – 3.1 Italian resident Noteholders*",

*"Pursuant to Decree 138, the 12.5% rate of the imposta sostitutiva will be increased to 20 per cent. in relation to capital gains realised as of 1st January 2012. The capital losses realised before 1st January 2012 may be carried forward to offset subsequent capital gains of the same nature for an overall amount of 62.5% of the relevant capital losses. Taxpayers may opt, pursuant to Decree 138, for a step up in the fiscal value of the relevant assets up to the market value of the assets registered on 31st December 2011. In the case of such step up, the new 20% rate will apply only to capital gain accrued as of 1st January 2012. The taxpayer would be required to pay a substitute tax on the positive difference between the market value of the assets at 31st December 2011 and its original fiscal cost. Provisions relating to such step up are expected to be implemented pursuant to a Decree to be issued by the Ministry of Economy and Finance."*