

Prospectus Supplement



UNIONE DI BANCHE ITALIANE S.C.P.A.

*(incorporated as a co-operative company limited by shares in the Republic of Italy
and registered at the Companies' Registry of Bergamo under registration number 03053920165)*

€10,000,000,000 Covered Bond Programme unconditionally and irrevocably guaranteed as to payments of interest and principal by

UBI FINANCE S.R.L.

*(incorporated as a limited liability company in the Republic of Italy and registered at the Companies'
Registry of Milan under registration number 06132280694)*

This Prospectus Supplement (the "**Supplement**") is supplemental to, forms part of and must be read and construed in conjunction with the Prospectus dated 31 July 2008 (as supplemented by the Prospectus Supplement dated 3 September 2008) (the "**Prospectus**") prepared by Unione di Banche Italiane S.c.p.a. ("**UBI Banca**" or the "**Issuer**") in connection with its programme (the "**Programme**") for the issuance of up to €10,000,000,000 (or its equivalent in other currencies calculated as described in the Prospectus) in aggregate principal amount of covered bonds ("**Covered Bonds**") guaranteed by UBI Finance S.r.l. (the "**Guarantor**"). Terms defined in the Prospectus shall, unless the context otherwise requires, have the same meaning when used in this Supplement.

This Supplement has been approved by the Financial Services Authority (the "**FSA**"), which is the competent authority in the United Kingdom for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**") and relevant implementing measures in the United Kingdom, as a base prospectus supplement issued in compliance with the Prospectus Directive and relevant implementing measures in the United Kingdom.

This Supplement has been prepared pursuant to Article 16.1 of the Prospectus Directive for the purposes of (i) incorporating by reference into the Prospectus the half-yearly financial statements of the Issuer as at and for the six months ended 30 June 2008, and the quarterly financial statements of the Issuer as at and for the nine months ended 30 September 2008, and (ii) updating the sections in the Prospectus entitled "Terms and Conditions of the Covered Bonds", "Summary of the Transaction Documents - Subordinated Loan Agreements", "Summary of the Transaction Documents - Cover Pool Management Agreement", "Credit Structure - Nominal Value Test" and "Credit Structure - Amortisation Test".

Each of the Issuer and the Guarantor 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.

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 this Supplement will prevail.

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

In accordance with Section 87Q(4) of the Financial Services and Markets Act 2000, an investor which has agreed, prior to the date of publication of this Supplement, to purchase or subscribe for Covered Bonds issued under the Programme may withdraw its acceptance before the end of a period of two working days beginning with the first working day after the publication of this Supplement.

The date of this Supplement is 20 January 2009.

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INFORMATION INCORPORATED BY REFERENCE

The information set out below supplements the section of the Prospectus entitled "**Information Incorporated by Reference**" on pages 1 to 2 of the Prospectus.

The following information, having previously been published and having been filed with the FSA, is incorporated by reference in and forms part of this Supplement:

- (i) the parts of the Issuer's Consolidated Half Year Report as at 30 June 2008 containing its unaudited consolidated and non-consolidated half-yearly financial statements as at and for the six months ended 30 June 2008; and
- (ii) the parts of the Issuer's Quarterly Consolidated Financial Report as at 30 September 2008 containing its unaudited consolidated and non-consolidated quarterly financial statements as at and for the nine months ended 30 September 2008,

in each case, including the accompanying notes and (in the case of the consolidated half-yearly financial statements) the auditors' review report.

Copies of the information incorporated by reference 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 are available both in the original Italian and in English. The English language versions represent a direct translation from the Italian language documents.

Cross-reference List

The following table shows where the items of information incorporated by reference in this Supplement can be found in the above-mentioned documents.

Consolidated Half Year Report as at 30 June 2008

Consolidated financial statements

| | |
|--|---------------|
| Auditors' Report | Page 167 |
| Balance Sheet | Pages 144-145 |
| Income Statement | Page 146 |
| Statement of Changes in Shareholders' Equity | Pages 147-148 |
| Statement of Cash Flows | Pages 149-150 |
| Notes to the Consolidated Accounts | Pages 151-160 |
| Glossary | Pages 201-211 |

Non-consolidated financial statements

| | |
|--|---------------|
| Balance Sheet | Pages 183-184 |
| Income Statement | Page 185 |
| Statement of Changes in Shareholders' Equity | Pages 186-187 |
| Statement of Cash Flows | Pages 188-189 |

Quarterly Consolidated Financial Report as at 30 September 2008

Consolidated financial statements

| | |
|--|---------------|
| Balance Sheet | Pages 101-102 |
| Income Statement | Page 103 |
| Statement of Changes in Shareholders' Equity | Pages 104-105 |
| Statement of Cash Flows | Pages 106-107 |
| Notes to the Consolidated Accounts | Pages 108-114 |

Non-consolidated financial statements

| | |
|--|---------------|
| Balance Sheet | Pages 132-133 |
| Income Statement | Page 134 |
| Statement of Changes in Shareholders' Equity | Pages 135-136 |
| Statement of Cash Flows | Pages 137-138 |

Any information not listed above but included in the above document does not form part of this Supplement.

TERMS AND CONDITIONS OF THE COVERED BONDS

The following text replaces Conditions 9(i) (Redemption and Purchase - Purchase) and 9(i) (Cancellation) on page 51 of the Prospectus.

(i) ***Purchase***

The Issuer or any of its Subsidiaries (other than the Guarantor) may at any time purchase Covered Bonds in the open market or otherwise and at any price and any Covered Bonds so purchased may be held or resold or may be surrendered in accordance with Condition 9(j) (*Cancellation*). The Guarantor shall not purchase any Covered Bonds at any time.

(j) ***Cancellation***

All Covered Bonds so redeemed or purchased by the Issuer or any such Subsidiary and subsequently surrendered for cancellation shall be cancelled and may not be reissued or resold.

THE ISSUER

The information set out below supplements the section of the Prospectus entitled "The Issuer" on pages 94 to 104 of the Prospectus.

Management Board

On 27 November 2008, the Issuer announced that Giampiero Auletta Armenise, Chief Executive Officer of the Issuer, renounced the powers assigned to him by the Management Board of the Issuer, maintaining his role as member of the Management Board.

The Management Board resolved to increase the number of members of the Management Board to 11 and, as of 1 December 2008, appointed Victor Massiah as the new Chief Executive Officer of UBI Banca assigning him all the powers previously assigned to Giampiero Auletta Armenise.

Victor Massiah, who was formerly General Manager of the Issuer, has been replaced in that role by Riccardo Sora, formerly General Manager of Banca Carime S.p.A..

THE SELLERS

The information set out below supplements the section of the Prospectus entitled "The Sellers - Banca Popolare di Ancora S.p.A." on pages 146 to 152 of the Prospectus.

As from 1 January 2009, the General Management of the Bank is composed by the following members:

| Name | Position |
|----------------------|-------------------------------|
| Luciano Goffi..... | General Manager |
| Marco Castelli..... | Senior Deputy General Manager |
| Ercole Fimiani | Deputy General Manager |

The information set out below supplements the section of the Prospectus entitled "The Sellers - Banca Carime S.p.A." on pages 152 to 157 of the Prospectus.

On 18 December 2008, the Board of Directors of the Bank appointed Giampiero Auletta Armenise as Senior Deputy Chairman of the Bank with effective date 1 January 2009 and appointed Raffaele Avantaggiato, former Joint General Manager of the Bank, as General Manager of the Bank with effective date 18 December 2008.

SUMMARY OF THE TRANSACTION DOCUMENTS

Subordinated Loan Agreements

The following paragraph replaces the second paragraph of the section entitled "Subordinated Loan Agreements" on page 176 of the Prospectus.

Pursuant to the relevant Subordinated Loan Agreement, each Subordinated Lender has acknowledged its undertakings (i) pursuant to the Cover Pool Management Agreement, to transfer further Eligible Assets and/or Top-Up Assets to the Guarantor and to make available to the Guarantor further Term Loans in order to fund the purchase of such assets, and (ii) pursuant to the Master Loans Purchase Agreement, to make available to the Guarantor further Term Loans in order to fund any settlement amounts of the purchase price of the Initial Portfolio or any New Portfolio which may be due by the Guarantor under the relevant Master Loans Purchase Agreement.

Cover Pool Management Agreement

The following paragraphs replace the eighth paragraph of the section entitled "Cover Pool Management Agreement" on page 183 of the Prospectus.

The parties to the Cover Pool Management Agreement have acknowledged that, at any time prior to the delivery of an Issuer Default Notice, the aggregate amount of Top-Up Assets included in the Cover Pool may not exceed 15% of the aggregate Outstanding Principal Balance of the Cover Pool, pursuant to the combined provisions of Decree 310 and the Bank of Italy Regulations. In this respect, the Calculation Agent has undertaken to determine, on each Calculation Date, the amount of Top-Up Assets (including any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets already transferred to the Guarantor) forming part of the Cover Pool and to report such calculation in each Test Performance Report.

Should it result from any Test Performance Report that the aggregate amount of Top-Up Assets included in the Cover Pool is in excess of 15% of the aggregate Outstanding Principal Balance of the Cover Pool, then the Seller(s) in relation to which the aggregate amount of (i) Top-Up Assets transferred by such Seller(s) to the Guarantor and (ii) the Collections and Recoveries on the relevant Portfolio is in excess of 15% of the Outstanding Principal Balance of the relevant Portfolio (the "**Relevant Top-Up Assets Excess**") must, during the immediately following Calculation Period, transfer to the Guarantor New Portfolio(s) of Eligible Assets in an aggregate amount at least equal to the Relevant Top-Up Asset Excess; *provided however that* such transfer will not be necessary if the Relevant Top-Up Assets Excess has been cured in full on the Guarantor Payment Date immediately following the Calculation Date in which any such Test Performance Report has been delivered, upon repayment by the Guarantor of any Term Loan outstanding under the relevant Subordinated Loan Agreement in accordance with the Pre-Issuer Event of Default Principal Priority of Payments.

The purchase price of New Portfolio(s) of Eligible Assets so transferred will be financed (i) through the principal collections standing to the credit of the relevant Luxembourg Principal Collection Accounts, pursuant to Clause 3.4 of the relevant Master Loans Purchase Agreement or (ii) if the sums standing to the credit of the relevant Luxembourg Principal Collection Accounts are not sufficient to fund the purchase price of such New Portfolio(s) of Eligible Assets, through the

proceeds of Term Loan(s) advanced by such Seller(s) to the Guarantor pursuant to the relevant Subordinated Loan Agreement.

The parties have also acknowledged and agreed that, if notwithstanding one or more Seller(s) having pursued the remedies set out in above, the aggregate amount of Top-Up Assets included in the Cover Pool is still in excess of 15% of the aggregate Outstanding Principal Balance of the Cover Pool, (a) the obligations to transfer New Portfolio(s) of Eligible Assets will be undertaken by the Issuer and/or the other Seller(s) (which for such purpose are deemed to be Relevant Seller(s)) in the circumstances set out above and (b) the obligations to fund the purchase price of such New Portfolio(s) of Eligible Assets will be funded as described below.

Following the delivery of an Issuer Default Notice on the Issuer and the Guarantor, any Collections and Recoveries and other cash flows deriving from the Eligible Assets and/or Top-Up Assets transferred to the Guarantor may then exceed the 15% limit of the aggregate Outstanding Principal Balance of the Cover Pool and the above provisions shall cease to apply, provided however that, should the Issuer Default Notice consist of an Article 74 Event, such provisions will again apply upon delivery of an Article 74 Cure Notice.

CREDIT STRUCTURE

Nominal Value Test

The following definition replaces the definition of "A" in the paragraph entitled "*Nominal Value Test*" on page 191 of the Prospectus.

"A" stands for the "**Adjusted Outstanding Principal Balance**" of each Mortgage Loan in the Cover Pool as at the relevant Calculation Date, defined as the lower of:

- (i) the actual Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
- (ii) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, $M = 0.80$;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, $M = 0.60$; and
- (c) for all Mortgage Loans that are Defaulted Loans, $M = 0$;

Amortisation Test

The following definition replaces the definition of "A" in the paragraph "*Amortisation Test*" on page 193 of the Prospectus.

"A" stands for the aggregate "**Amortisation Test Outstanding Principal Balance**" of each Mortgage Loan, which shall be the lower of:

- (1) the Outstanding Principal Balance of the relevant Mortgage Loan as calculated on the relevant Calculation Date; and
- (2) the Latest Valuation relating to that Mortgage Loan multiplied by M,

where

- (a) for all Residential Mortgage Loans that are not Defaulted Loans, $M = 0.80$;
- (b) for all Commercial Mortgage Loans that are not Defaulted Loans, $M = 0.60$; and
- (c) for all Mortgage Loans that are Defaulted Loans $M = 0$;