

**SUPPLEMENT DATED 5 May 2011 TO THE COVERED BOND PROSPECTUS
DATED 30 JULY 2010**



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

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

**Euro 10,000,000,000 (*Obbligazioni Bancarie Garantite*) 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 supplement (the "**Supplement**") to the Prospectus dated 30 July 2010, as supplemented by a supplement dated 3 September 2010 (the "**Prospectus**"), which together comprise 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 10,000,000,000 (*Obbligazioni Bancarie Garantite*) Covered Bond Programme (the "**Programme**") of Unione di Banche Italiane S.c.p.a. (the "**Issuer**" or "**UBI Banca**").

This 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 and the Guarantor accept responsibility for the information in this Supplement. To the best of the knowledge of the Issuer and the Guarantor (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 disclose the following:

- (A) the audited consolidated balance sheet and the audited consolidated income statement in respect of the consolidated financial results of the Issuer for the financial year ending 31 December 2010;
- (B) a proposal by the Issuer to increase its share capital;
- (C) some amendments made to the Transaction Documents such as the Intercreditor Agreement (under section "Cashflows", sub-sections "Pre-Issuer Event of Default

Interest Priority of Payments" and "Pre Issuer Event of Default Principal Priority of Payments"), the Master Definitions Agreement (under section "Cashflows", sub-section "Definitions"), the Cover Pool Management Agreement (under section "Credit Structure", sub-section "Nominal Value Test"), and each Subordinated Loan Agreement (under section "Structure Overview", sub-section "Subordinated Loan Agreements" and section "Summary of the Transaction Documents", sub-section "Subordinated Loan Agreements").

Copies of the Prospectus and of this Supplement may be obtained from the registered office of the Issuer and on the Issuer's website (<http://www.ubibanca.it>). The contents of the Issuer's website do not form part of 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 Prospectus by 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.

SUMMARY OF FINANCIAL INFORMATION OF THE ISSUER

The information set out below replaces the section of the Prospectus entitled "Summary of Financial Information of the Issuer" from page 113 to page 117 of the Prospectus.

"The following tables present

- (i) the audited consolidated balance sheet and income statement of the Group approved by the Issuer's Supervisory Board as at and for the year ended 31 December 2010, and
- (ii) the audited annual balance sheet and income statement of the Issuer approved its Supervisory Board as at and for the year ended 31 December 2010,

prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 (as amended from time to time) and related transitional regulations in Italy (IFRS). All figures are in thousand euro unless otherwise stated.

UBI BANCA GROUP MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED BALANCE SHEET

ASSETS		
<i>(Figures in thousands of euro)</i>	31.12.2010	31.12.2009
Cash and cash equivalents	609,040	683,845
Financial assets held for trading	2,732,751	1,575,764
Financial assets at fair value	147,286	173,727
Available-for-sale financial assets	10,252,619	6,386,257
Loans to banks	3,120,352	3,278,264
Loans to customers	101,814,829	98,007,252
Hedging derivatives	591,127	633,263
Fair value change in hedged financial assets	429,073	301,852
Equity investments	368,894	413,943
Property, equipment and investment property	2,112,664	2,106,835
Intangible assets	5,475,385	5,523,401
<i>of which:</i>		
- goodwill	4,416,660	4,401,911
Tax assets:	1,723,231	1,580,187
a) current	650,177	744,435
b) deferred	1,073,054	835,752
Non-current assets and disposal groups held for sale	8,429	126,419
Other assets	1,172,889	1,522,214
TOTAL ASSETS	130,558,569	122,313,223

UBI BANCA GROUP
MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY		
<i>(Figures in thousands of euro)</i>	31.12.2010	31.12.2009
Due to banks	5,383,977	5,324,434
Due to customers	58,666,157	52,864,961
Securities issued	48,093,888	44,349,444
Financial liabilities held for trading	954,423	855,387
Hedging derivatives	1,228,056	927,319
Tax liabilities:	993,389	1,210,867
a) current	441,433	558,997
b) deferred	551,956	651,870
Liabilities associated with activities under disposal	-	646,320
Other liabilities	2,600,165	3,085,006
Post employment benefits	393,163	414,272
Provisions for risks and charges:	303,572	285,623
a) pension and similar obligations	68,082	71,503
b) other provisions	235,490	214,120
Fair value reserves	(253,727)	235,043
Reserves	2,362,382	2,207,863
Share premiums	7,100,378	7,100,378
Share capital	1,597,865	1,597,865
Minority interests	962,760	938,342
Profit for the year	172,121	270,099
TOTAL LIABILITIES AND EQUITY	130,558,569	122,313,223

UBI BANCA GROUP
MANDATORY FINANCIAL STATEMENTS - CONSOLIDATED INCOME
STATEMENT

<i>Figures in thousands of euro</i>	31.12.2010	31.12.2009
Interest and similar income	3,525,312	4,213,948
Interest expense and similar	(1,378,714)	(1,718,320)
Net interest income	2,146,598	2,495,628
Commission income	1,378,117	1,329,184
Commission expense	(196,892)	(199,009)
Net commission income	1,181,225	1,130,175
Dividends and similar income	24,099	10,609
Net trading income (loss)	(56,891)	13,864
Net hedging income	67,209	15,960
Income/expense from disposal or repurchase of:	17,057	122,115
a) loans	(3,850)	(81)
b) available-for-sale financial assets	31,245	30,516
c) held-to-maturity investments	-	37,441
d) financial liabilities	(10,338)	54,239
Net income/expense on financial assets and liabilities at fair value	6,669	(25,151)
Gross income	3,385,966	3,763,200
Net impairment losses on:	(756,653)	(914,371)
a) loans	(706,932)	(865,211)
b) available-for-sale financial assets	(42,364)	(43,883)
d) other financial transactions	(7,357)	(5,277)
Net financial income	2,629,313	2,848,829
Net insurance premiums	-	169,176
Other income/expense of insurance operations	-	(149,127)
Net income from banking and insurance operations	2,629,313	2,868,878
Administrative expenses	(2,375,174)	(2,415,610)
a) personnel expenses	(1,451,584)	(1,477,200)
b) other administrative expenses	(923,590)	(938,410)
Net provisions for risks and charges	(27,209)	(36,932)
Net impairment losses on property, equipment and investment property	(109,838)	(117,408)
Net impairment losses on intangible assets	(130,500)	(150,770)
Other net operating income	239,430	235,042
Operating expenses	(2,403,291)	(2,485,678)
Profits (losses) of equity investments	99,027	35,578
Net impairment losses on goodwill	(5,172)	-
Profits (losses) on disposal of investments	14,458	100,099
Pre-tax profit (loss) from continuing operations	334,335	518,877
Taxes on income for the year from continuing operations	(231,980)	(236,885)
Post-tax profit (loss) from continuing operations	102,355	281,992
Post-tax profit (loss) from discontinued operations	83,368	5,155
Profit for year	185,723	287,147
Profit for the year attributable to minority interests	(13,602)	(17,048)
Profit for the year	172,121	270,099

UNIONE DI BANCA ITALIANE S.C.P.A.
ANNUAL BALANCE SHEET

ASSETS <i>(Figures in euro)</i>	31.12.2010	31.12.2009
Cash and cash equivalents	195.060.106	215.834.809
Financial assets held for trading	3.143.191.440	1.857.483.753
Financial assets at fair value	147.285.903	173.726.637
Available-for-sale financial assets	8.698.209.093	4.919.281.521
Loans to banks	28.424.383.576	28.278.016.388
Loans to customers	14.536.120.881	12.560.060.343
Hedging derivatives	164.595.239	122.894.441
Equity investments	13.336.899.439	12.183.513.925
Property, equipment and investment property	624.906.782	652.815.865
Intangible assets	542.792.402	545.892.836
<i>of which:</i>		
- goodwill	521.244.521	521.244.521
Tax assets:	725.032.355	633.576.235
a) current	380.220.092	407.687.831
b) deferred	344.812.263	225.888.404
Non-current assets and disposal groups held for sale	6.022.891	658.462.654
Other assets	353.101.328	648.632.264
TOTAL ASSETS	70.897.601.435	63.450.191.671
LIABILITIES AND EQUITY <i>(Figures in euro)</i>	31.12.2010	31.12.2009
Due to banks	22.589.437.090	27.737.222.535
Due to customers	11.422.728.258	4.531.502.833
Securities issued	23.367.787.687	16.746.093.256
Financial liabilities held for trading	1.542.533.534	1.393.828.627
Hedging derivatives	599.874.209	379.598.430
Tax liabilities:	381.641.985	472.809.627
a) current	277.626.159	349.546.665
b) deferred	104.015.826	123.262.962
Liabilities associated with activities under disposal		646.319.590
Other liabilities	613.923.930	832.235.040
Post employment benefits	38.129.542	40.120.179
Provisions for risks and charges:	13.278.734	8.231.440
a) pension and similar obligations		
b) other provisions	13.278.734	8.231.440
Fair value reserves	(226.574.548)	198.011.355
Reserves	1.572.877.892	1.359.658.807
Share premiums	7.100.378.060	7.100.378.060
Share capital	1.597.864.755	1.597.864.755
Profit for the year	283.720.307	406.317.137
TOTAL LIABILITIES AND EQUITY	70.897.601.435	63.450.191.671

UNIONE DI BANCA ITALIANE S.C.P.A.
ANNUAL INCOME STATEMENT

<i>Figures in euro</i>	31.12.2010	31.12.2009
Interest and similar income	805.570.868	979.474.913
Interest expense and similar	(893.005.683)	(1.088.446.368)
Net interest income	(87.434.815)	(108.971.455)
Commission income	30.055.158	37.825.576
Commission expense	(16.130.071)	(21.477.035)
Net commission income	13.925.087	16.348.541
Dividends and similar income	300.579.803	552.266.144
Net trading income (loss)	87.267.863	46.138.713
Net hedging income	17.665.773	7.177.775
Income/expense from disposal or repurchase of:	17.730.226	98.312.433
a) loans	(6.350)	(12)
b) available-for-sale financial assets	17.962.917	22.553.884
c) held-to-maturity investments		37.440.843
d) financial liabilities	(226.341)	38.317.718
Net income/expense on financial assets and liabilities at fair value	6.669.410	(25.151.268)
Gross income	356.403.347	586.120.883
Net impairment losses on:	(49.364.706)	(45.379.278)
a) loans	(50.631)	180.854
b) available-for-sale financial assets	(39.971.013)	(41.601.291)
d) other financial transactions	(9.343.062)	(3.958.841)
Net financial income	307.038.641	540.741.605
Administrative expenses	(247.254.078)	(250.188.118)
a) personnel expense	(130.591.255)	(127.379.441)
b) other administrative expenses	(116.662.823)	(122.808.677)
Net provisions for risks and charges	(2.046.037)	(2.787.832)
Net impairment losses on property, equipment and investment property	(26.352.055)	(29.217.298)
Net impairment losses on intangible assets	(3.100.434)	(3.632.148)
Other net operating income	108.722.960	122.828.022
Operating expenses	(170.029.644)	(162.997.374)
Profits (losses) of equity investments	62.127.392	29.720.186
Net impairment losses on goodwill		(11.455.092)
Profits (losses) on disposal of investments	5.533.138	572.244
Pre-tax profit (loss) from continuing operations	204.669.527	396.581.569
Taxes on income for the year from continuing operations	(4.316.911)	9.735.568
Post-tax profit (loss) from continuing operations	200.352.616	406.317.137
Post-tax profit (loss) from discontinued operations	83.367.691	-
Profit for the year	283.720.307	406.317.137

THE ISSUER

The information set out below is provided in addition to the description of the Issuer contained in the section of the Prospectus entitled "The Issuer" beginning on page 95 of the Prospectus.

"The Issuer's resolution to increase its share capital

On 30 April 2011, in extraordinary session, the Shareholders' Meeting of UBI Banca passed a resolution pursuant to Art. 2443 of the Italian Civil Code to empower the Management Board, subject to authorisation from the Supervisory Board, to increase the share capital by an amount of up to €1 billion. The new shares to be issued pursuant to the share capital increase will be offered on a pre-emptive basis to shareholders and holders of certain convertible bonds of UBI Banca. The share capital increase is expected to take place during the coming months, subject to market conditions and authorisation by the relevant authorities.

Such resolution for the share capital increase arises from a review by UBI Banca of its capital situation in light of recent developments relating to the expected new capital adequacy requirements pursuant to the Basel III rules on capital eligibility, market trends and changes in the macro economic situation, together with the imminent launch of a new business plan by UBI Banca.

If the increase in share capital is successfully completed, taking into account the development of liquidity, the UBI Banca Group will evaluate whether to call, subject to authorisation from the competent authorities, certain outstanding innovative capital instruments with an aggregate nominal amount of €453.46 million, which may cease to qualify as Tier 1 capital from the end of 2012.

Currently, approximately 94 per cent. of the UBI Banca Group's consolidated Tier 1 capital is Core Tier 1 capital, with the remaining 6 per cent. composed of innovative capital instruments. Based on figures available at 31 December 2010, if the proposed increase in share capital is successfully completed, the Issuer anticipates a consolidated Core Tier 1 ratio of 8.01 per cent., a consolidated Tier 1 ratio of 8.53 per cent. and a consolidated total capital ratio of 12.23 per cent.

Mediobanca – Banca di Credito Finanziario S.p.A. will underwrite (in accordance with the usual terms and conditions for similar transactions) any new shares which are not subscribed for at the end of the share capital increase offer period."

STRUCTURE OVERVIEW

- 1. On page 9, under the sub-section "Subordinated Loan Agreements" the third sentence shall be amended as follows:**

"Prior to the delivery of an Issuer Default Notice, each Term Loan will be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the relevant Pre-Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, *provided that* such repayment does not result in a breach of any of the Tests or, in relation to the relevant Seller, of the Relevant Seller Portfolio Test."

SUMMARY OF THE TRANSACTION DOCUMENTS

- 1. On page 163, under the sub-section "Subordinated Loan Agreements" the sixth paragraph shall be amended as follows:**

"Prior to the delivery of an Issuer Default Notice, each Term Loan shall be repaid on each Guarantor Payment Date subject to the written request of the relevant Subordinated Lender and the Issuer, according to the Pre-Issuer Event of Default Principal Priority of Payments and within the limits of the then Guarantor Available Funds, *provided that* such repayment does not result in a breach of any of the Tests or the Relevant Portfolio Test."

CREDIT STRUCTURE

1. On page 179, under the sub-section "Nominal Value Test" the definition of "Asset Percentage" shall be replaced as follows:

"The "Asset Percentage" means the lower of (i) 93.00 per cent and (ii) such other percentage figure as may be determined by the Issuer on behalf of the Guarantor in accordance with the methodologies published by the Rating Agencies (after procuring the level of overcollateralization in line with the target rating). Notwithstanding that, in the event the Issuer chooses not to apply such other percentage figure (item (ii) above) of the Asset Percentage, this will not result in a breach of the Nominal Value Test."

CASHFLOWS

1. On page 182, under the definition of "Principal Available Funds" the introductory sentence shall be amended as follows:

""Principal Available Funds" means, in respect of any Calculation Date, the aggregate of:"

2. On page 182, under the definition of "Principal Available Funds" the point letter (e) shall be replaced as follows:

"(e) all the amounts allocated pursuant to item *sixth* of the Pre-Issuer Event of Default Interest Priority of Payments."

3. On page 183, under the sub-section headed "Pre-Issuer Event of Default Interest Priority of Payments" the point letter (d) shall be amended as follows:

"(d) *Fourth*, to pay any amounts due and payable to any Swap Provider (including any termination payments due and payable by the Guarantor except where the relevant Swap Provider is the Defaulting Party or the Sole Affected Party);"

4. On page 183, under the sub-section headed "Pre-Issuer Event of Default Interest Priority of Payments" a new point letter (f) shall be added as follows:

"(f) *Sixth*, to allocate to the Principal Available Funds an amount equal to the amounts, if any, allocated on the immediately preceding Guarantor Payment Date and on any preceding Guarantor Payment Date pursuant to item (a) of the Pre Issuer Event of Default Principal Priority of Payments, net of any amount already allocated under this item six on any previous Guarantor Payment Date;"

5. On page 183, under the sub-section headed "*Pre Issuer Event of Default Principal Priority of Payments*" the point letters (a), (b), (c) and (d) shall be replaced as follows:

"(a) *First*, to transfer any amounts to the Reserve Fund Account necessary in order to make up any shortfall in the Reserve Fund Amount;

(b) *Second*, to repay the Term Loans advanced by the Subordinated Lenders under the relevant Subordinated Loan Agreements, provided the Tests and the Relevant Portfolio Test are complied with and the relevant Subordinated Lender has requested

the repayment of the relevant Subordinated Loan pursuant to clause 6.2 of the relevant Subordinated Loan Agreement; and

- (c) *Third*, to the extent that any Subordinated Lender has not received amounts as repayment of the Term Loans under item (b) *Second* above, to deposit, pursuant to clause 6.2.2 of the Subordinated Loan Agreements, the relevant amounts in the appropriate Luxembourg Principal Collection Account(s)."