

**SUPPLEMENT DATED 30 APRIL 2015 TO THE COVERED BOND PROSPECTUS
APPROVED ON 25 JULY 2014 AS SUPPLEMENTED ON 8 SEPTEMBER 2014**



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)*

Euro 15,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) 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 06132280964)*

This supplement (the "**Supplement**") to the prospectus dated 25 July 2014 as supplemented on 8 September 2014 (the "**Prospectus**"), which constitutes a base prospectus under Article 5.4 of Directive 2003/71/EC, which includes the amendments made by Directive 2010/73/EU (the "**Prospectus Directive**") is prepared in connection with the Euro 15,000,000,000 Covered Bond (*Obbligazioni Bancarie Garantite*) Programme (the "**Programme**") of Unione di Banche Italiane S.c.p.A. (the "**Issuer**" or "**UBI Banca**"), unconditionally and irrevocably guaranteed as to payments of interest and principal by UBI Finance S.r.l. (the "**Guarantor**").

This Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplement to the Prospectus prepared by the Issuer under the Programme. Terms defined in the Prospectus have the same meaning when used in this Supplement.

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.

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 (A) to inform about the downgrade by Fitch of (i) UBI Banca long and short-term Issuer's default ratings respectively from "BBB+/F2" to "BBB/F3", (ii) the rating of the Programme from "A+" to "A"; (B) to update the information included in Section "*Overview of the Programme*", paragraph "*Rating*" of the Prospectus, with respect to the ratings to be assigned to each Series of Covered Bonds; (C) to update the following sections included in the Prospectus, further to certain amendments made to the Transaction Documents executed on 10 December 2014 in the context of the appointment of BNP Paribas Securities Services, London Branch as Swap Collateral Account Bank, its accession to the Programme and the transfer to BNP Paribas Securities Services, London Branch of the Swap Collateral Accounts: (a) "*Overview of the Programme - Parties*"; (b)

“*Terms and Conditions of the Covered Bonds*”; (c) “*Overview of the Transaction Documents*”; (d) “*Cashflows*”; and (e) “*Glossary*”, (D) to incorporate by reference (a) the audited consolidated financial statements of the Issuer as at and for the year ended on 31 December 2014 (the “**Issuer’s Reports and Accounts 2014**”) and (b) the Guarantor’s audited non-consolidated yearly financial statements for the financial year ended on 31 December 2014 (the “**Guarantor’s audited non-consolidated financial statements**”), (E) to update section “*Taxation*” included in the Prospectus further to some changes in applicable law, and (F) to update the section “*General Information*”, paragraphs “*Trend Information*” and “*No Significant Change*” included in the Prospectus.

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DOWNGRADE BY FITCH

The Issuer informs that on 2 April 2015, the rating agency Fitch announced a review of its general ratings for major Italian banks, which included UBI Banca. Fitch downgraded UBI Banca's ratings by one notch and accordingly, the long-term Issuer default rating is now equal to "BBB" and the short-term Issuer default rating is now equal to "F3".

In addition to the above, the Issuer informs that Fitch has downgraded the Programme to "A" from "A+".

SECTION "OVERVIEW OF THE PROGRAMME", PARAGRAPH "RATING" OF THE PROSPECTUS

In light of the above, in Section "*Overview of the Programme*", under paragraph "*Rating*" on Page 11 of the Prospectus, the expected ratings to be assigned to each Series of Covered Bonds shall be replaced by "A" for Fitch and "A2" for Moody's.

OVERVIEW OF THE PROGRAMME

PARTIES

On page 5 of the Prospectus, after the description of the English Account Bank, the description of the Swap Collateral Account Bank as new party to the Programme is added as follows:

“Swap Collateral Account Bank BNP Paribas Securities Services, London Branch will act as Swap Collateral Account Bank pursuant to the Cash Allocation Management and Payments Agreement and the English Account Bank Agreement, subject to it being an Eligible Institution.”

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INFORMATION INCORPORATED BY REFERENCE

Issuer's Reports and Accounts 2014

By virtue of this Supplement, the English language version of the Reports and Accounts 2014, is incorporated by reference in, and form part of, the Prospectus.

The Reports and Accounts 2014 are available both in their original version in Italian and translated into English on the website of the Issuer (<http://www.ubibanca.it/contenuti/RigAlle/2014%20Consolidated%20Financial%20Report.pdf>) and, free of charge, during usual business hours on any weekday (except for Saturdays, Sundays and public holidays) at the registered office of the Issuer. The English language version represents an accurate and direct translation from the Italian language document, and where there is a discrepancy between the Italian and the English version, the former shall prevail.

The following table shows, *inter alia*, the information that can be found in the Reports and Accounts 2014 incorporated into the Prospectus.

Reports and Accounts 2014

As at 31 December 2014

Consolidated financial statements of the Issuer

Auditors' Report	Page 209
Consolidated Balance Sheet	Page 214
Consolidated Income Statement	Page 215
Consolidated Statement of Comprehensive Income	Page 216
Statement of Changes in Consolidated Equity	Pages 217-218
Consolidated Statement of Cash Flows	Page 219
Explanatory Notes	Page 221

Any other information not listed above but contained in the Reports and Accounts 2014 is not incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Prospectus.

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Guarantor's audited non-consolidated financial statements

By virtue of this Supplement, the English language version of the Guarantor's audited non-consolidated financial statements, is incorporated by reference in, and form part of, the Prospectus.

The Guarantor's audited non-consolidated financial statements have been previously published or filed with the Central Bank or Ireland and may be obtained from the website of the Irish Stock Exchange (<http://www.ise.ie/Market-Data-Announcements/Debt/Individual-Debt-Instrument-Data/Dept-Security-Documents/?progID=770&FIELD SORT=docId>). The English language version represents an accurate and direct translation from the Italian language document, and where there is a discrepancy between the Italian and the English version, the former shall prevail.

The following table shows, *inter alia*, the information that can be found in the Guarantor's audited non-consolidated financial statements incorporated into the Prospectus.

Guarantor's audited non-consolidated financial statements

As at 31 December 2014

Balance Sheet	Page 12
Income Statement	Page 13

Statement of Comprehensive Income	Page 14
Statement of Changes in Equity	Page 15
Statement of Cash Flows	Pages 16-17
Auditor's Report	Pages 1-2

Any other information not listed above but contained in the Guarantor's audited non-consolidated financial statements is not incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Prospectus.

TERMS AND CONDITIONS OF THE COVERED BONDS

In paragraph 2(a)(*Definitions*) of the Terms and Conditions of the Covered Bonds some definitions are amended or replaced as specified below:

- (a) on page 53 of the Prospectus, the definition of “*Deed of Charge*” is deleted and replaced as follows:

«**Deed of Charge**” means the English law deed of charge entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) on 8 November 2011 in order to charge the rights arising under the English Accounts, the Swap Collateral Accounts, the English Account Bank Agreement and the Custody Agreement in favour of the Covered Bondholders and the Other Creditors;»;

- (b) on page 57 of the Prospectus, the definition of “*Other Creditors*” is deleted and replaced as follows:

«**Other Creditors**” means the Sellers, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the English Account Bank, the Asset Monitor, the Swap Providers, the Swap Collateral Account Bank, the Registered Paying Agent and the Registrar, and any other creditors which may, from time to time, be identified as such in the context of the Programme;»;

- (c) on page 60 of the Prospectus, after the definition of “*Swap Agreements*”, the definitions of “*Swap Collateral Account Bank*”, “*Swap Collateral Accounts*”, “*Swap Collateral Cash Account*”, “*Swap Collateral Securities Account*” are added as follows:

«**Swap Collateral Account Bank**” means BNP Paribas Securities Services, London Branch acting in its capacity as swap collateral account bank pursuant to the Cash Allocation Management and Payments Agreement and the English Account Bank Agreement or any such other depository institution as may be appointed as such in accordance with the Cash Allocation Management and Payments Agreement and the English Account Bank Agreement;»;

«**Swap Collateral Accounts**” means, collectively, any Swap Collateral Cash Account and any Swap Collateral Securities Account;»;

«**Swap Collateral Cash Account**” means the account IBAN No. GB54 PARB 6000 0170 2266 71 and any collateral account with respect to each Swap Provider, opened, in name and on behalf of the Guarantor, with the Swap Collateral Account Bank on which each Swap Collateral in the form of cash is and/or will be posted in accordance with the relevant Swap Agreement and the English Account Bank Agreement;»;

«**Swap Collateral Securities Account**” means the account No. 1040702266G and any collateral account (if any) related to each Swap Provider which may be opened, in name and on behalf of the Guarantor, with the Swap Collateral Account Bank on which the Swap Collateral in the form of securities may be posted in accordance with the relevant Swap Agreement;».

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OVERVIEW OF THE TRANSACTION DOCUMENTS

The paragraph headed “*Cash Allocation, Management and Payments Agreement*” on pages 187 and 188 of the Prospectus, is replaced by the following (the underlined words show the insertions made):

“On 30 July 2008, the Guarantor, the Issuer, the Sellers, each upon accession to the Programme (also in their capacity as Sub-Servicers and Service Providers), the Master Servicer, the Italian Account Bank, the English Account Bank, the Swap Collateral Account Bank upon accession to the Programme, the Calculation Agent, the Principal Paying Agent, the Guarantor Corporate Servicer and the Representative of the Covered Bondholders entered into the Cash Allocation, Management and Payments Agreement, as amended from time to time.

Under the terms of the Cash Allocation, Management and Payments Agreement:

- (i) the Italian Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, the Italian Collection Accounts, the Quota Capital Account and the Expenses Account and to provide the Guarantor with certain reporting services together with account handling services in relation to monies from time to time standing to the credit of such Accounts;
- (ii) in lieu of the Luxembourg Account Bank, the Guarantor has appointed the English Account Bank with which it has opened the English Accounts pursuant to the English Account Bank Agreement and the Cash Allocation, Management and Payments Agreement;
- (iii) the Guarantor has appointed the Swap Collateral Account Bank with which it has opened the Swap Collateral Accounts pursuant to the English Account Bank Agreement and the Cash Allocation, Management and Payments Agreement;
- (iv) the Principal Paying Agent has agreed to provide the Guarantor (and, prior to the delivery of an Issuer Default Notice, the Issuer) with certain payment services together with certain calculation services pursuant to the terms of the Cash Allocation, Management and Payments Agreement; and
- (v) the Calculation Agent has agreed to provide the Guarantor with calculation services.

The English Account Bank shall comply with any instruction of the Calculation Agent to invest, on behalf of the Guarantor, amounts standing to the credit of the English Principal Collection Accounts and the Reserve Fund Account in Eligible Investments, as from time to time selected by the Calculation Agent in accordance with the provisions of the Cash Allocation, Management and Payments Agreement.

The Guarantor may (with the prior approval of the Representative of the Covered Bondholders) revoke its appointment of any Agent by giving not less than three months' (or earlier, in the event of a breach of warranties and covenants by the relevant Agent) written notice to the relevant Agent (with a copy to the Representative of the Covered Bondholders), regardless of whether an Issuer Event of Default or a Guarantor Event of Default has occurred. Any Agent may resign from its appointment under the Cash Allocation, Management and Payments Agreement, upon giving not less than three months' (or such shorter period as the Representative of the Covered Bondholders may agree) prior written notice of termination to the Guarantor and the Representative of the Covered Bondholders subject to and conditional upon certain conditions set out in the Cash Allocation, Management and Payments Agreement.

Governing law

The Cash Allocation, Management and Payments Agreement is governed by Italian law.”

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The paragraph headed “*The English Account Bank Agreement*” on page 189 of the Prospectus, is replaced by the following (the underlined words show the insertions made):

“On 8 November 2011, the Issuer, the Master Servicer, the English Account Bank, the Italian Account Bank, each Seller upon accession to the Programme, the Sub-Servicers, the Principal Paying Agent, the Calculation Agent, the Guarantor Corporate Servicer, the Representative of the Covered Bondholders, the Swap Collateral Account Bank upon accession to the Programme and the Guarantor entered into the English Account Bank Agreement.

Pursuant to the terms of the English Account Bank Agreement, the English Account Bank and the Swap Collateral Account Bank has agreed to establish and maintain, in the name and on behalf of the Guarantor, respectively, the BNYM English Accounts and the Swap Collateral Accounts (as defined in the Glossary of the Prospectus), and to provide the Guarantor with certain reporting and payment services together with account handling services in relation to monies from time to time standing to the credit of the BNYM English Accounts and the Swap Collateral Accounts.

The BNYM English Accounts and the Swap Collateral Accounts held with the English Account Bank and the Swap Collateral Account Bank shall be opened in the name of the Guarantor and shall be operated by the English Account Bank and the Swap Collateral Account Bank in accordance with the instructions given by, or on behalf of, the Guarantor and in accordance with the provisions of the English Account Bank Agreement, the Cash Allocation Management and Payments Agreement and the Intercreditor Agreement.

Governing law

The English Account Bank Agreement and any non – contractual obligations arising out of or in connection with it are governed by and shall be construed in accordance with English law.”.

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CASHFLOWS

On page 204 of the Prospectus, letter (c) of paragraph headed “*Pre-Issuer Event of Default Interest Priority of Payments*” is replaced by the following (the underlined words show the insertions made):

“(c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the English Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Registered Paying Agent (if any) and the Registrar (if any);”.

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On page 205 of the Prospectus, letter (c) of paragraph headed “*Guarantee Priority of Payments*” is replaced by the following (the underlined words show the insertions made):

“(c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the English Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Registered Paying Agent (if any) and the Registrar (if any);”.

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On page 206 of the Prospectus, letter (c) of paragraph headed “*Application of Moneys following Occurrence of a Guarantor Event of Default*” is replaced by the following (the underlined words show the insertions made):

“(c) *Third*, to pay, *pari passu* and *pro rata*, according to the respective amounts thereof, any amount due and payable to the Master Servicer, the Service Providers, the Italian Account Bank, the Calculation Agent, the Guarantor Corporate Servicer, the Asset Monitor, the English Account Bank, the Swap Collateral Account Bank, the Principal Paying Agent, the Registered Paying Agent (if any) and the Registrar (if any);”.

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TAXATION

On page 223 of the Prospectus the sub-paragraph headed “*Italian resident Covered Bondholders*” is replaced by the following:

“*Italian resident Covered Bondholders*”

Where an Italian resident Covered Bondholders is:

- (a) an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected (unless he has opted for the application of the *risparmio gestito regime* – see under “*Capital gains tax*” below);
- (b) a non-commercial partnership;
- (c) a non-commercial private or public institution; or
- (d) an investor exempt from Italian corporate income taxation,

interest, premium and other income (the “**Interest**”) relating to the Covered Bonds, accrued during the relevant holding period, are subject to a withholding tax, referred to as “*imposta sostitutiva*”, levied at the rate of 26 per cent.. In the event that the Covered Bondholders described under (a) and (c) above are engaged in an entrepreneurial activity to which the Covered Bonds are connected, the *imposta sostitutiva* applies as a provisional tax and may be deducted from the taxation on income due.

Where an Italian resident Covered Bondholder is a company or similar commercial entity, or a permanent establishment in Italy of a foreign company to which the Covered Bonds are effectively connected, and the Covered Bonds are deposited with an authorised intermediary, Interest from the Covered Bonds will not be subject to *imposta sostitutiva*. It must, however, be included in the relevant Covered Bondholder’s income tax return and is therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the “status” of the Covered Bondholder, also to IRAP (the regional tax on productive activities)).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001 (“**Decree 351**”), as clarified by the Italian Revenue Agency (Agenzia delle Entrate) through Circular No. 47/E of 8 August 2003 and Circular No. 11/E of 28 March 2012, payments of Interest in respect of the Covered Bonds made to Italian resident real estate investment funds established pursuant to Article 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-bis of Law No. 86 of 25 January 1994 and SICAFs (“*Società di investimento a capitale fisso*”) is subject neither to *imposta sostitutiva* nor to any other income tax in the hands of a real estate investment fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the real investment fund or SICAF.

If the investor is resident in Italy and is an open-ended or closed-ended investment fund or a SICAV (“*Società di investimento a capital variabile*”) established in Italy and either (i) the fund or SICAV or (ii) their manager is subject to the supervision of a regulatory authority (the “**Fund**”), and the relevant Covered Bonds are held by an authorised intermediary, Interest accrued during the holding period on the Covered Bonds will not be subject to *imposta sostitutiva*, but must be included in the management results of the Fund. The Fund will not be subject to taxation on such results but a substitute tax or withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders or shareholders (the “**Collective Investment Fund Tax**”).

Where an Italian resident Covered Bondholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Covered Bonds are deposited with an authorised intermediary, Interest relating to the Covered Bonds and accrued during the holding period will not be subject to *imposta sostitutiva*, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. The 20 per cent. substitute tax shall apply on the portfolio's results accrued at the end of the tax year from 2015 onwards, but would also apply on a retroactive basis with reference to the portfolio's results accrued at the end of tax year 2014, but on a reduced taxable basis.

As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that such pension funds invest in certain medium long term financial assets to be identified with a Ministerial Decree.

Pursuant to Decree No. 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Finance (each an "**Intermediary**").

An Intermediary must (a) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary, and (b) intervene, in any way, in the collection of interest or in the transfer of the Covered Bonds. For the purpose of the application of the *imposta sostitutiva*, a transfer of Covered Bonds includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Covered Bonds or in a change of the Intermediary with which the Covered Bonds are deposited.

Where the Covered Bonds are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any Italian financial intermediary paying interest to a Covered Bondholders or, absent that, by the Issuer."

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On page 226 of the Prospectus the sub-paragraph headed "*Capital gains tax*" is replaced by the following:

“Capital gains tax

Any gain obtained from the sale or redemption of the Covered Bonds would be treated as part of the taxable income (and, in certain circumstances, depending on the "status" of the Covered Bondholder, also as part of the net value of the production for IRAP purposes) if realised by an Italian company, a similar commercial entity (including the Italian permanent establishment of foreign entities to which the Covered Bonds are connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Covered Bonds are connected.

Where an Italian resident Covered Bondholder is an individual not engaged in an entrepreneurial activity to which the Covered Bonds are connected, any capital gain realised by such Covered Bondholder from the sale or redemption of the Covered Bonds would be subject to an *imposta sostitutiva*, levied at the rate of 26 per cent.. The Covered Bondholders may set off any losses with their gains.

In respect of the application of *imposta sostitutiva*, taxpayers may opt for one of the three regimes described below:

- (a) Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Covered Bonds are connected, 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 Italian resident individual Covered Bondholders holding the Covered Bonds. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Covered Bonds carried out during any given tax year. Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity 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 the *imposta sostitutiva* on such gains together with any balance 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. However, according to Law No. 89, capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses realized from January 1, 2012 to June 30, 2014

- (b) As an alternative to the tax declaration regime, Italian resident individual Covered Bondholders holding the Covered Bonds not in connection with an entrepreneurial activity may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Covered Bonds (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:
- (i) the Covered Bonds being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
 - (ii) an express election for the *risparmio amministrato* regime being timely made in writing by the relevant Covered Bondholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Covered Bonds (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also 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 Covered Bondholders or using funds provided by the Covered Bondholders for this purpose. Under the *risparmio amministrato regime*, any possible capital loss resulting from a sale or redemption or certain other transfer of the Covered Bonds may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. However, according to Law No. 89, capital losses realized up to June 30, 2014 may be offset against capital gains realized after that date with the following limitations: (i) for an amount equal to 48.08%, for capital losses realized up to December 31, 2011; and (ii) for an amount equal to 76.92%, for capital losses realized from January 1, 2012 to June 30, 2014. Under the *risparmio amministrato* regime, the Covered Bondholders are not required to declare the capital gains in the annual tax return.

In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Covered Bonds not in connection with an entrepreneurial activity who have entrusted the management of their financial assets (including the Covered Bonds) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Pursuant to Law No. 89, depreciations of the managed assets may be carried forward to be offset against any subsequent increase in value accrued as of 1 July 2014 for an overall amount of: (i) 48.08 per cent. of the relevant depreciations in value registered before 1 January 2012; (ii) 76.92 per cent. of

the depreciations in value registered from 1 January 2012 to 30 June 2014. The Covered Bondholders are not required to declare the capital gains realised in the annual tax return.

Any capital gains realised by a Covered Bondholder who is a Fund will neither be subject to *imposta sostitutiva* on capital gains, nor to any other income tax in the hands of the relevant Covered Bondholders; the Collective Investment Fund Tax will be levied on proceeds distributed by the Fund or received by certain categories of unitholders upon redemption or disposal of the units.

Italian real estate funds created under Article 37 of Italian Legislative Decree No. 58 of 24 February 1998 and Article 14 bis of Italian Law No. 86 of 25 January 1994, and SICAFs are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the fund or SICAF. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the real investment fund or SICAF.

Any capital gains realised by a Covered Bondholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. The 20 per cent. substitute tax shall apply on the portfolio's results accrued at the end of the tax year from 2015 onwards, but would also apply on a retroactive basis with reference to the portfolio's results accrued at the end of tax year 2014, but on a reduced taxable basis.

As of 1 January 2015, Italian pension funds benefit from a tax credit equal to 9% of the result of the relevant portfolio accrued at the end of the tax period, provided that such pension funds invest in certain medium long term financial assets to be identified with a Ministerial Decree.

Capital gains realised by non-Italian resident Covered Bondholders without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds traded on regulated markets are not subject to the *imposta sostitutiva*. The exemption applies provided that the non-Italian resident Covered Bondholders file in due course with the authorised financial intermediary an appropriate affidavit (*autocertificazione*) stating that the Covered Bondholder is not resident in Italy for tax purposes.

Capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer not traded on regulated markets are not subject to the *imposta sostitutiva*, provided that the effective beneficiary is:

- (a) resident in a country which allows for a satisfactory exchange of information with Italy (i.e. a country included in the list of States, as per the decree referred to in Article 168-bis, paragraph 1 of Decree No. 917, allowing for an adequate exchange of information with the Italian tax Authorities);
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or
- (d) an "institutional investor", whether or not subject to tax, which is established in a country which allows for a satisfactory exchange of information with Italy (i.e. a country allowing for a satisfactory exchange of information with the Italian tax authorities according to the legislative provisions mentioned above).

If none of the conditions above is met, capital gains realised by non-Italian resident Covered Bondholders, without a permanent establishment in Italy to which the Covered Bonds are effectively

connected, from the sale or redemption of Covered Bonds issued by an Italian resident issuer and not traded on regulated markets are subject to the *imposta sostitutiva* at the current rate of 26 per cent.. However, Covered Bondholders may benefit from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Covered Bonds are to be taxed only in the resident tax country of the recipient.”

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GENERAL INFORMATION

The paragraph headed “Trend Information” on page 235 of the Prospectus shall be deleted and replaced by the following:

“Trend Information

Since 31 December 2014, there has been no material adverse change in the prospects of UBI Banca and the UBI Banca Group.

Since 31 December 2014, there has been no material adverse change in the prospects of the Guarantor.”.

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The paragraph headed “No Significant Change” on page 235 of the Prospectus shall be deleted and replaced by the following:

“No Significant Change

There has been no significant change in the financial or trading position of UBI Banca and the UBI Banca Group since 31 December 2014.

Since 31 December 2014, there has been no significant change in the financial or trading position of the Guarantor.”.

GLOSSARY

- (i) On page 238 of the Prospectus, the definition of “*Agents*” is deleted and replaced as follows:
- «**Agents**” means each of the Italian Account Bank, the Calculation Agent, the Principal Paying Agent, the Registered Paying Agent, the Registrar, the English Account Bank, the Swap Collateral Account Bank, the Cash Manager and the Guarantor Corporate Servicer.»;
- (ii) on page 238 of the Prospectus, after the definition of “*Amortisation Test Outstanding Principal Balance*” the definition of “*Appointment Agreement*” is added as follows:
- «**Appointment Agreement**” means the appointment agreement entered into on 10 December 2014 between the Guarantor, the Issuer, the Representative of the Covered Bondholders, the English Account Bank, the Swap Collateral Account Bank and the Guarantor Corporate Servicer, pursuant to which the Guarantor has appointed BNP Paribas Securities Services, London Branch as Swap Collateral Account Bank in the context of the Programme.»;
- (iii) on page 238 of the Prospectus, the definition of “*Asset Monitor*” is deleted and replaced as follows:
- «**Asset Monitor**” means Mazars S.p.A., acting in its capacity as asset monitor pursuant to the engagement letter entered into with the Issuer on or about 30 July 2008 as amended and supplemented from time to time and the Asset Monitoring Agreement.»;
- (iv) on page 239 of the Prospectus, after the definition of “*BdB Portfolios*” the definition of “*BNYM English Accounts*” is added as follows:
- «**BNYM English Accounts**” means the English Interest Collection Account, the English Principal Collection Account (together the “**English Collection Accounts**”) and the Reserve Fund Account, or any other account which may be opened from time to time with the English Account Bank.»;
- (v) on page 239 of the Prospectus, the definition of “*BPCI*” is deleted and replaced as follows:
- «**BPCI**” Banca Popolare Commercio e Industria S.p.A., a società per azioni incorporated under the laws of the Republic of Italy, having its registered office at Via Monte di Pietà 7, 20121 Milano, Italy, fiscal code and enrolment with the companies register of Milan number 03910420961, enrolled under number 5560 with the register of banks held by the Bank of Italy pursuant to article 13 of the Consolidated Banking Act and part of the UBI Group.»;
- (vi) on page 240 of the Prospectus, the definition of “*Cash Management Report*” is deleted and replaced as follows:
- «**Cash Management Report**” means the report which the English Account Bank shall deliver, upon request of the Representative of the Covered Bondholders, to the Issuer, the Guarantor, the Representative of the Covered Bondholders, the Guarantor Corporate Servicer, the Calculation Agent, the Italian Account Bank and the Sellers, substantially in the form of schedule 5 (*Form of Cash Management Report*) to the Cash Allocation, Management and Payments Agreement.»;
- (vii) on page 242 of the Prospectus, the definition of “*Deed of Charge*” is deleted and replaced as follows:
- «**Deed of Charge**” means the English law deed of charge entered into between the Guarantor and the Representative of the Covered Bondholders (acting on behalf of the Covered Bondholders and the Other Creditors) on 8 November 2011 in order to charge the rights arising under the English Accounts, the Swap Collateral Accounts, the English Account Bank

Agreement and the Custody Agreement in favour of the Covered Bondholders and the Other Creditors.»;

- (viii) on page 243 of the Prospectus, the definition of “*Eligible Institution*” is deleted and replaced as follows:

«**Eligible Institution**” means (A) any bank organised under the laws of any country which is a member of the European Union or of the United States, (i) the short-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "F1" by Fitch (provided that, if any of the above banks is on rating watch negative, it shall be treated as one notch below its then current Fitch rating) and "P-1" by Moody's or (ii) which is guaranteed (in compliance with the relevant criteria respectively of Fitch and Moody's on the guarantee) by an entity whose short-term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "F1" by Fitch (provided that, if any of the above banks is on rating watch negative, it shall be treated as one notch below its then current Fitch rating) and "P-1" by Moody's and the long-term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A" by Fitch (provided that, if any of the above banks is on rating watch negative, it shall be treated as one notch below its then current Fitch rating) and "Aa3" by Moody's " or (iii) any other rating level from time to time provided for in the Rating Agencies' criteria; (B) with exclusively reference to Clauses 5.3.1 (*Italian Account Bank no longer an Eligible Institution*) and 11.2.9 (*Eligible Institution*) of the Cash Allocation, Management and Payments Agreement and with reference to the sole Italian Account Bank until Unione di Banche Italiane S.c.p.a. acts in such role, any bank organized under the laws of any country which is a member of the European Union, (i) the short term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "F2" by Fitch (provided that, if any of the above banks is on rating watch negative, it shall be treated as one notch below its then current Fitch rating) and "P 3" by Moody's or (ii) which is guaranteed (in compliance with the relevant criteria respectively of Fitch and Moody's on the guarantee) by an entity whose short term unsecured, unsubordinated and unguaranteed debt obligations are rated at least "F2" by Fitch (provided that, if any of the above banks is on rating watch negative, it shall be treated as one notch below its then current Fitch rating) and "P 3" by Moody's and the long term unsecured, unsubordinated and unguaranteed debt obligations of which are rated at least "A-" by Fitch (provided that, if any of the above banks is on rating watch negative, it shall be treated as one notch below its then current Fitch rating) and "A3" by Moody's.»;

- (ix) on page 253 of the Prospectus, the definition of “*Other Creditors*” is deleted and replaced as follows:

«**Other Creditors**” means the Sellers, the Master Servicer, the Sub-Servicers, the Service Providers, the Representative of the Covered Bondholders, the Calculation Agent, the Guarantor Corporate Servicer, the Principal Paying Agent, the Italian Account Bank, the English Account Bank, the Asset Monitor, the Swap Providers, the Swap Collateral Account Bank, the Registered Paying Agent, the Registrar and any other creditors which may, from time to time, be identified as such in the context of the Programme.»;

- (x) on page 259 of the Prospectus, after the definition of “*Swap Collateral*” the definition of “*Swap Collateral Account Bank*” is added as follows:

«**Swap Collateral Account Bank**” means BNP Paribas Securities Services, London Branch acting in its capacity as swap collateral account bank pursuant to the Cash Allocation Management and Payment Agreement and the English Account Bank Agreement or any such

other bank as may be appointed as such in accordance with the Cash Allocation Management and Payment Agreement and the English Account Bank Agreement.»;

- (xi) on page 259 of the Prospectus, the definition of “*Swap Collateral Cash Account*” is deleted and replaced as follows:

«**Swap Collateral Cash Account**” means the account IBAN No. GB54 PARB 6000 0170 2266 71 and any collateral account with respect to each Swap Provider, opened, in name and on behalf of the Guarantor, with the Swap Collateral Account Bank on which each Swap Collateral in the form of cash is and/or will be posted in accordance with the relevant Swap Agreement and the English Account Bank Agreement.»;

- (xii) on page 259 of the Prospectus, the definition of “*Swap Collateral Securities Account*” is deleted and replaced as follows:

«**Swap Collateral Securities Account**” means the account No. 1040702266G and any collateral account (if any) related to each Swap Provider which may be opened, in name and on behalf of the Guarantor, with the Swap Collateral Account Bank on which the Swap Collateral in the form of securities may be posted in accordance with the relevant Swap Agreement.»;

- (xiii) on page 260 of the Prospectus, the definition of “*UBI*” is deleted and replaced as follows:

«**UBI**” means Unione di Banche Italiane S.c.p.A., means a joint-stock co-operative company (*società co-operativa per azioni*) incorporated under the laws of the Republic of Italy with its registered office at Piazza Vittorio Veneto 8, 24122 Bergamo, fiscal code and enrolment in the companies register of Bergamo No. 03053920165, enrolled under No. 5678 with the register of banks held by the Bank of Italy in accordance with article 13 of the Consolidated Banking Act and enrolled under No. 3111.2 with the register held by the Bank of Italy in accordance with article 64 of the Consolidated Banking Act.».

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The language of this Supplement is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them.

Copies of the Prospectus and 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 (other than the documents incorporated by reference) 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.