SUPPLEMENT DATED 1 MARCH 2017 TO THE BASE PROSPECTUS APPROVED ON 28 JULY 2016 AS SUPPLEMENTED ON 12 AUGUST 2016 AND ON 26 JANUARY 2017

UNIONE DI BANCHE ITALIANE S.P.A.

(*incorporated as a joint stock company in the Republic of Italy*

and registered at the Companies' Registry of Bergamo under registration number 03053920165)

Euro 15,000,000,000 Debt Issuance Programme

This document constitutes a supplement (the "**Supplement**") to the prospectus dated 28 July 2016, as supplemented on 12 August 2016 and on 26 January 2017 (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**") and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme (the "**Programme**") of Unione di Banche Italiane S.p.A. (the "**Issuer**" or "**UBI Banca**").

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, unless they have been specifically defined herein.

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 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 update (i) the section of the Prospectus entitled "*Documents Incorporated by Reference*"; (ii) the section of the Prospectus entitled "*UBI Banca and the UBI Banca Group*", and (iii) the section of the Prospectus entitled "*Taxation*".

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DOCUMENTS INCORPORATED BY REFERENCE

The following document which has previously been published and has been filed with the Central Bank of Ireland shall be incorporated, by virtue of this Supplement, by reference in, and forms part of, the Prospectus:

Document	Information Incorporated	Page Reference
Press release "UBI Banca: consolidated results as at 31	Financial Statements	viii-ix

December 2016" dated 10 February 2017

Any other information not listed above but contained in the press release *"UBI Banca: consolidated results as at 31 December 2016"* dated 10 February 2017 (the "**Press Release**") is not incorporated by reference and is either not relevant for the investor or is covered elsewhere in the Prospectus.

The Issuer, being the person responsible for the financial information included in the Press Release, has approved such financial information.

Deloitte & Touche S.p.A., as independent auditors of the Issuer, have agreed that the financial information as at 31 December 2016 and for the year then ended included in the Press Release, which has not been audited, is substantially consistent with the final figures to be published in the next annual audited consolidated financial statements of the Issuer for the year ended 31 December 2016.

The financial information included in the Press Release published by the Issuer on 10 February 2017 on its website (at *http://www.ubibanca.it/pagine/Press-Releases-EN-2.aspx*) refers to a 12-month period ended on 31 December 2016 and therefore there are no assumptions or factors which the members of the administrative, management or supervisory bodies can influence.

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UBI BANCA AND THE UBI BANCA GROUP

At the end of the paragraph headed "*Recent developments*" commencing on page 90 of the Prospectus, the following new paragraphs are added:

"***Approval by the Management Board of the results of UBI Banca for the year ended on 31 December 2016***

On 10 February 2017, the Issuer published a press release containing the main figures relating to the financial year ended on 31 December 2016, the main content of which is indicated below:

The main figures for 2016 compared with 2015

· The balance sheet

***Loans and advances to customers** as at 31st December 2016, amounted to €81.9 billion compared with €84.6 billion at the end of December 2015, primarily due to a reduction in non-performing loans and less exposure to the Cassa Compensazione e Garanzia.*

In detail, the item is the aggregate result of the following changes:

- *<u>performing loans to customers, net of Cassa di Compensazione e Garanzia ("CCG"), stood at €73.5 billion</u>, largely unchanged compared with December 2015 (€73.7 billion), although the composition was different. Total medium to long-term loans rose year-on-year, while total short-term loans contracted, the result, amongst other things, of a review which led to a portfolio with a lower level of risk weighted assets;*

- *<u>exposure to the CCG</u> stands at €0.3 billion (€1.2 billion in December 2015);*

- *<u>net non-performing loans fell further to €8.1 billion</u> (-16.9% compared with December 2015, -3.3% compared with September 2016).*

The improvement in credit quality is continuing: ***total gross non-performing exposures*** *stood at €12,521 million, down significantly compared with December 2015 (-€0.9 billion or -6.8% compared with €13,434 million in December 2015) and now account for 14.4% of total gross loans (15.1% in December 2015).*

Flows of gross performing loans to non-performing status*, amounting to €1,294 million, again contracted significantly down by 47% compared with 2015 and by 70% compared with the high reached during the crisis (€4,307 million in 2012).*

The results for 2016 show a further improvement in coverage compared with December 2015. If loan write-offs amounting to €2.342 billion are included (of which €450 million relating to the fourth quarter of 2016), ***coverage for total non-performing exposures rose to 45.8%*** *(37.2% in December 2015).*

Net of loan write-offs, coverage for total non-performing exposures was 35.7% (significantly up compared with 27.9% in December 2015).

As a result of the combined effect of the reduction in total gross loans and greater coverage, ***total net non-performing exposures fell further by 16.9% to €8,056 million*** *(€9,689 million in December 2015).*

In detail:

- *total net bad loans amounted to €3,987 million (€4,288 million in December 2015).*

  If loan write-offs are included, ***coverage for bad loans rose at the end of the year to 58.5%*** *(52.2% in December 2015).*
  Net of loan write-offs, coverage for bad loans was 45.1% (compared with 38.6% at the end of 2015);
- *the "unlikely-to-pay" category amounted to €3,935 million net (€5,147 million in December 2015), with coverage of 23.13%;*

- *net positions past due and/or in arrears amounted to €133 million, compared with €254 million in December 2015, with coverage of 5.71%.*

Direct funding from ordinary customers*, amounting to €69.1 billion (€72.5 billion last December) was down, primarily as a result of the progressive maturity of bonds which had been placed in the past on third party networks (down €2.3 billion year-on-year).*

Furthermore, the trends already recorded for Group customers were confirmed:

- *a constant increase in current accounts, up to €52.4 billion at the end of 2016 and from €47.7 billion in December 2015 (+9.9% year-on-year);*

- *a reduction in the stock of bonds placed with captive customers (down €5.8 billion year-on-year).*

  Direct funding from institutional customers *stood at approx. €16 billion, down compared with €19 billion at the end of 2016. Repurchase agreements with the CCG were down year-on-year (-€4 billion approximately) and covered bonds decreased slightly (€9.4 billion compared with €9.9 billion at the end of 2015), while volumes of EMTNs increased to €4.3 billion compared with €2.5 billion at the end of 2015.*

*Group exposure to the ECB consisted of a total of €10 billion of the second series of targeted longer-term refinancing operations announced by the European Central Bank on 10 March 2016 ("****TLTRO2s****"), recognised under "due to banks" and therefore not included in direct funding.*

*Total **assets eligible for refinancing** as at 31st December 2016 of €28 billion (of which €14.4 billion available), already net of haircuts.*

***Indirect funding from ordinary customers** performed well reaching €82.1 billion. In detail **assets under management in the narrow sense** reached €38.2 billion (+11.8% compared with December 2015) and insurance funding came to €16.5 billion (+14.1% compared with December 2015), while **assets under custody**, amounting to €27.5 billion, were down 11.3% compared with December 2015 as a result, amongst other things, of market performance.*

*At the end of 2016, the Group's **financial assets held for trading, financial assets designated at fair value, available for sale financial assets and held to maturity investments** had a mark-to-market value of €17.9 billion, of which €13.2 billion relating to Italian government securities. The latter item has fallen compared with December 2015 (€18.3 billion), as a continuation of the Group's strategic policy to reduce and diversify its portfolio.*

-The solidity of capital ratios is confirmed:

> *- A fully loaded CET1 ratio of 11.22% compared with 11.28% in September 2016. As already reported, the fully loaded CET1 ratio does not include the effect of the tax deductibility of the increased loan provisions recognised with the absorption of the shortfall, which will progressively bring about a benefit estimated at over +40 basis points;*
>
> *The phased-in CET1 ratio amounted to 11.48% in December 2016, significantly higher compared with an SREP requirement of 7.5%, while the phased in Total Capital Ratio amounted to 14.10%.*
>
> *The leverage ratio was 5.75% "phased-in" and 5.62% "fully loaded"*
>
> *The Net Stable Funding Ratio and the Liquidity Coverage Ratio were >1.*

The main income statement items:

- A fall in net interest income of 8.2% on an annual basis. This does not include the benefits of the TLTRO2. This downward trend is slowing strongly, as shown by performance in 4Q 2016, which, on the same number-of-day basis as 3Q 2016, gives a similar result (approximately €365 million compared with €368 million).

- As a result of significant growth in indirect funding, and in assets under management in particular, net fee and commission income rose 2.7% compared with 2015 to €1,335 million.

In 4Q 2016 net fee and commission income came to €346.2 million, up on €321.4 million in 3Q 2016 - even net of performance fees (€18.3 million) - and on €330.6 million in 4Q 2015.

- Control over operating expenses continued in 2016. They came to €2,153.5 million, net of the one-off charges, relating to the Single Bank Project, the main starting point that enables the objectives of the 2019/2020 Business Plan, for early retirement, impairment on brands, real estate assets value adjustments, notwithstanding higher ordinary and extraordinary contributions to the Resolution Fund and to the Deposit Guarantee Scheme (€131.9 million in 2016 compared with €98.7 million in 2015).

- Loan losses, including the impacts of the Business Plan[1]*, equal to approximately €1,565 million.*

- Net impairment losses on other assets of €130.1 million (€16.9 million in 2015) relate to the large write-down of the Atlante Fund (€73 million) and to the virtual elimination of the residual credit risk connected with financial instruments resulting from non-performing loan positions recognised in 2Q 2016 (€47 million).

The Management Board of Unione di Banche Italiane Spa (UBI Banca) has approved the draft separate annual report and consolidated report of UBI Banca for the year ended 31st December 2016 which will be submitted to the approval of the Supervisory Board on 7th March 2017.

The Management Board will submit a proposal to the Shareholders' Meeting, to be held in a single call on 7th April 2017, to distribute a dividend of €0.11 per share on each of the outstanding shares, net of treasury shares held in portfolio.

If approved by the Shareholders' Meeting in the amount proposed, the dividend will be paid with the ex dividend date, record date and payment date on 22nd, 23rd and 24th May 2017 respectively.

Results for the financial year 2016 compared with 2015

The financial year 2016 ended with ***gross income*** *of €2,996.3 million, compared with approximately €3,232.2 million in 2015, characterised by a smaller contribution from net interest income and finance, while it was supported by significant growth in net fee and commission income driven by an increase in assets under management.*

In detail, ***net interest income****, amounting to approximately €1,498 million, was down compared with €1,631 million in 2015, following a reduction in the contribution from the proprietary securities portfolio (-€62 million net of interbank) - for which action is in progress to reduce it and change the mix, in accordance with the Business Plan - and a contraction in the result for business with customers (-€72 million). More specifically, with regard to the latter, a strong decrease in interest expense on funding (-€235 million year-on-year) achieved as result of a change in the funding mix, was unable to offset the negative impact of the fall in market interest rates (the 1 month Euribor fell on average by 27 basis points) on lending rates, in a context of stable average volumes of lending.*

The performance of net interest income was also affected by a reduction in interest income from non-performing assets, in relation to the significant contraction in volumes of unlikely-to-pay loans, down -€45.8 million year-on-year.

Growth in ***net fee and commission income*** *accelerated further to total €1,335 million, +2.7% compared with 2015, notwithstanding lower performance fees (-€8.8 million). Commissions on management, trading and advisory services, which account for approximately 56% of total fees and commissions, came to €746.1 million, up 6.8% on 2015, as a consequence of the strong growth on assets under management. Fees and commissions from ordinary banking business stood at €589 million and recorded a decline of 2% compared with the previous year.*

The ***result for financial activities*** *came to €153.7 million (€290.6 million in 2015), and was comprised of the following:*

[1] One key goal of the Group's 2019-2020 Business Plan is to reduce the ratio of net non-performing exposures to tangible equity (the "Texas ratio"). In order to achieve that result the Group has decided to adopt an even more prudential approach in its management of problem loans, by increasing coverage with greater provisions, which has determined a partial absorption of the provision shortfall, already deducted from the fully loaded CET1 capital.

- €70 million from trading activity (€63.9 million in 2015);

- €91.8 million from the disposal of financial assets (€211.4 million in 2015), mainly attributable, as in the previous period, to the disposal of Italian government securities (€117.1 million compared with €170 million before). In 2016 the item also included the proceeds from shares of Visa Europe Ltd., which totalled €16.5 million;

- -€8.4 million from fair value movements in financial assets (+€4.3 million in 2015);

- €0.4 million from hedging activities (+€11 million in 2015).

***On the expenses front**, notwithstanding the inclusion of higher ordinary and extraordinary contributions to the Single Resolution Fund and to the Deposit Guarantee Scheme, totalling €131.9 million compared with €98.7 million in 2015, operating expenses, net of the one-off charges, relating to the Single Bank Project, the main starting point that enables the objectives of the 2019/2020 Business Plan, for early retirement, impairment on brands, real estate assets value adjustments, came to €2,153.5 million, as result of a reduction in all expense items.*

In detail:

*- **staff costs**, net of the one-off charges for incentives for retirement, recorded a further reduction of €19.8 million (-1.53%) compared with 2015, to total €1,275.3 million. These savings came mainly from a reduction in average staff numbers (-262 over twelve months), from staff turnover incentive schemes, from lower payments for labour services provided in the various forms set out in the trade union agreements signed from time to time, from extraordinary leave schemes and from the impact of new part-time positions.*

In addition, a further 500 staff will leave at the end of February 2017 and a total of more than 1,250 applications have been received for voluntary redundancy;

*- **other administrative expenses**, net of the one-off charges relating to the Single Bank project, amounted to €734.6 million and compare with €727 million in 2015. The savings achieved during the year made it possible to partially offset the higher contributions to the Resolution Fund and to the Deposit Guarantee Scheme (+€33.2 million). In fact net of those contributions administrative expenses fell by 4.1%;*

*- finally, **depreciation, amortisation and net impairment losses on property, plant and equipment and intangible assets**, net of the one-off impairment on brands and the real estate assets value adjustments, totalled €143.5 million, down €9.5 million compared with 2015 as a result of lower depreciation and amortisation on real estate items, but also due to a smaller purchase price allocation following the recognition of the above mentioned impairment on brands as part of the implementation of the Business Plan.*

*In 2016 **net impairment losses on loans** were recognised amounting to €1,565.5 million (€802.6 million in 2015), and they included greater provisions announced on 27th June 2016 as a baseline for Business Plan projections which led to a partial reduction of the provision "shortfall" and that is the difference between expected losses and provisions, already deducted from regulatory capital.*

As a result of the provisions made, total coverage for non-performing exposures increased to 45.8% inclusive of write-offs (37.2% in December 2015).

***Net impairment losses on other financial assets/liabilities** came to €130 million (€16.9 million in 2015) primarily due to the write-down of the Atlante Fund (€73 million) and to the virtual elimination of the* *residual credit risk connected with financial instruments resulting from nonperforming loan positions (approx. 47 million).*

Finally, the 2016 income statement included a net gain of €23 million on the disposal of investments, of which €20.7 million from the disposal of the historical headquarters of BPCI and some real estate properties belonging to Banca Carime.

Tax receivables arose during the year on income from continuing operations amounting to €319.6 million, to give a tax rate of 27.44% compared with tax of €127.5 million[2] *levied in 2015 which gave rise to a tax rate of 46.88%.*

Statement of the Senior Officer Responsible for the preparation of corporate accounting documents

Elisabetta Stegher, as the Senior Officer Responsible for preparing the corporate accounting documents of Unione di Banche Italiane Spa, hereby declares, in compliance with the second paragraph of article 154 bis of the Testo unico delle disposizioni in materia di intermediazione finanziaria (Consolidated Finance Act), that the financial information contained in this press release is reliably based on the records contained in corporate documents and accounting records.

For further details on the financial information included in the press release published by the Issuer on 10 February 2017, please make reference to the sections of the 2017 Press Release incorporated by reference in this Prospectus."

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"*Completion of Single Bank project*

On 20 February 2017 the Issuer has announced that, following the signing of the relevant merger deeds on February, 2nd and their filing with the competent offices of the Company Registrar, with effect with regard to third parties from February 20th, the merger by incorporation of Banca Popolare di Bergamo S.p.A. ("BPB"), Banca Popolare di Ancona S.p.A. ("BPA"), Banca Carime S.p.A. ("Carime"), Banco di Brescia San Paolo CAB S.p.A. ("BBS") and Banca Valle Camonica S.p.A. ("BVC") into UBI Banca was completed. The mergers will take effect for accounting and tax purposes from 1 January 2017.

a) Capital

Following the issuance of new UBI Banca shares at the service of the exchange of the shares of BPA, Carime and BVC (all the shares of BPB and BBS were, on the other hand, cancelled without being exchanged because they were held by the Parent UBI Banca) the share capital of UBI Banca has increased to Euro 2,443,092,155.00 (divided into n. 977,236,862 shares with no nominal value), not considering a further increase and a higher number of shares – but of immaterial amount – which might be determined when the exchange transactions are completed, due to the application of specific rounding procedures in compliance with the provisions of the merger project pursuant to Art. 2501-ter of the Italian Civil Code.

With effect from 20 February 2017, article 5.1 of the articles of association of UBI Banca was therefore amended so as to reflect the new amount of the share capital and the new number of shares.

b) Migrations

[2] This amount included a negative non-recurring component amounting to €25.6 million.

From an operational point of view, the migrations of all 5 Network Banks (BPB, Carime, BPA, BBS and BVC) onto UBI Banca's IT system were completed successfully. Right from the first day of activity, full operation of branches migrated was guaranteed.

The IT migrations concerned a total of approx. 1,150 branches and customer facilities, 8,300,000 customers, 2,450,000 current accounts and 1,470,000 custody accounts, and involved approx. 6,000 employees both in the preparatory stage and post migration.

With the merger by incorporation and the migration of the 5 Network Banks, which follow the integration in November 2016 of BPCI and BRE (please see press release dated 22 November 2016), the "Single Bank Project" was substantially completed on 20 February 2017, in large advance by about 4 months compared to Business Plan expectations."

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"Fitch reviews UBI Banca ratings

On 20 february 2017 UBI Banca has informed that Fitch Ratings reduced by one notch the Long Term IDR (Long-term Issuer Default Rating), from "BBB" to "BBB-", and the Viability Rating, from "bbb" to "bbb-". The Outlook remained Negative, in relation to the weak Italian economic context.

According to Fitch, the rating action was motivated by the weight of the non performing exposures' stock on equity, judged high from a prospective point of view, seen that, in the Agency's opinion, the reduction targets indicated in the 2019/2020 Business Plan do not seem to be sufficiently ambitious.

As a reminder, the Group is implementing the 2019/2020 Business Plan in significant advance compared to the original time horizon:

- in 2016 UBI Banca reduced its non performing exposures: a) in gross terms by 6.8% to 12.5 billion, corresponding to 14.4% of the Group's total loan book (15.1% at the end of 2015); b) in net terms of 16.9% to 8 billion, corresponding to 9.8% of the Group's total loan book (11.5% at the end of 2015). And this also thanks to the halving of new inflows from performing loans, both in gross and in net terms, down to pre-crisis levels.

- At the same time, cash coverage has grown to 35.7% from 27.9%; on top of this, 87.7% of NPEs stocks are assisted by collateral and/or personal guarantees. Including write-offs, coverage has reached 45.8%, from 37.2% in 2015.

The ratings attributed to UBI Banca are the following:

Long-term IDR: "BBB-" from "BBB"; Outlook Negative

Short-term IDR: confimed at "F3"

Viability Rating: "bbb-" from "bbb"

Support Rating: confirmed at "5"

Support Rating Floor: confirmed at "No Floor"

Subordinated debt: "BB+" from "BBB-"."

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"Purchase of Nuova Banca delle Marche, Nuova Banca dell'Etruria e del Lazio and Nuova Cassa di Risparmio di Chieti

*On 18 January 2017 UBI Banca and the National Resolution Fund, as seller (the "***Seller***"), entered into an agreement_for the acquisition of 100% of the share capital of Nuova Banca delle Marche, Nuova Banca dell'Etruria e del Lazio and Nuova Cassa di Risparmio di Chieti (together, the "***Target Bridge Institutions***"). The closing of the transaction is indicatively expected in the first of half of 2017, once the necessary conditions have been satisfied and the required authorisations obtained. More specifically, in addition to the usual conditions precedent for similar transactions (ECB, Anti-trust and European Commission authorisations), certain specific conditions precedent have been agreed, including:*

(i) implementation and completion of the recapitalisation of the Target Bridge Institutions by the Seller for an estimated amount of €450 million;

(ii) completion of the disposal by the Seller of the non-performing loans not included within the perimeter of the transaction (a total of approximately €2.2 billion gross);

(iii) the Target Bridge Institutions, on an aggregate basis, must report the following relevant parameters approved by their respective Boards of Directors:

- net equity book value on the reference date of at least €1,010 million;

*- risk weighted assests ("***RWAs***") (Pillar 1) not greater than €10.6 billion;*

- an average weighted Liquidity Coverage Ratio greater than 100%;

- an average weighted CET1 ratio of not lower than 9.1%.

*(iv) approval by the shareholders' meeting of the increase in the share capital of UBI Banca up to a maximum of €400 million (the "***Share Capital Increase***").*

The Share Capital Increase is required in order to maintain the combined fully loaded CET1 ratio of UBI Banca and the Target Bridge Institutions at a level greater than 11% immediately from the year 2017, which is consistent with the current levels. The Share Capital Increase is designed to meet the temporary requirement resulting primarily from the following circumstance: (a) the "badwill"(defined by convention as the difference between the price of one euro and the positive equity, calculated at fair value) is not fully eligible at the closing date; (b) the positive effects of the synergies related to the acquisition of the Target Bridge Institutions will arise starting from 2018."

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"*Review of DBRS ratings*

On 20 January 2017, DBRS has confirmed UBI Banca's ratings modifying the trend from "stable" to "negative".

The ratings attributed to UBI Banca are the following:

Issuer rating: BBB (high)

Senior Long-Term debt and Deposit rating: BBB (high)

Short Term Debt and Deposit Rating: R-1 (low)

Trend: Negative.".

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TAXATION

On page 103, under the section headed "*Italian Resident Noteholders*", the following paragraph is deleted:

"*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 as identified by the Ministerial Decree of 19 June 2015 published in the Official Gazette – general series No. 175, on 30 July 2015.*"

On page 106, under the section headed "*Capital gains tax*", the following paragraph is deleted:

"*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*".

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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 from the Issuer's website (at *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.