SUPPLEMENT DATED 4 OCTOBER 2019

TO THE BASE PROSPECTUS DATED 24 MAY 2019 AS SUPPLEMENTED ON 9 AUGUST 2019

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 base prospectus dated 24 May 2019 as supplemented on 9 August 2019 (the "**Base Prospectus**"), which constitutes a base prospectus under Article 5.4 of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**") and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme (the "**Programme**") of Unione di Banche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 Base Prospectus and any other supplement to the Base Prospectus prepared by the Issuer under the Programme. Terms defined in the Base 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 (i) incorporate by reference (a) the press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement, and (b) the consolidated interim financial report of UBI Banca as at and for the half year ended 30 June 2019 (reviewed by the auditors), and (ii) update the following sections of the Base Prospectus: (a) "*Risk Factors*", (b) "*Documents incorporated by reference*", and (c) "*General Information*".

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## RISK FACTORS

On page 39 of the Base Prospectus the paragraph "*Adverse Regulatory Development*" is deleted and replaced with the following:

*"Adverse Regulatory Development*

*The Issuer conducts its business subject to ongoing regulatory and associated risks, including the effects of changes in laws, regulations and policies in Italy and at the European level. The Issuer's business can therefore be affected by regulatory factors connected with domestic Italian and the European Union developments in financial and fiscal matters. The timing and the form of future changes in regulation are unpredictable and beyond the control of the Issuer. Any further changes made to the regulatory framework applicable to the Issuer and the UBI Banca Group could adversely affect the business of the Issuer and the UBI Banca Group.*

*The Issuer is required to hold a licence for its operations and is subject to regulation and supervision by the authorities in Italy and in all other jurisdictions in which it operates, and by the ECB. Extensive regulations are already in place and new regulations and guidelines are introduced relatively frequently. The rules applicable to banks and other entities in banking groups are mainly provided by implementation of measures consistent with the regulatory framework set out by the Basel Committee on Banking Supervision (the "**Basel Committee**") and aim at preserving their stability and resilience and limiting their risk exposure (see below "Basel III and the CRD IV Package").*

*In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package (each as defined below), regulatory pressure for banks has increased by the recent entry into force of other relevant changes in the EU regulatory framework. In particular, as from 3 January 2018, the provision of investment services is regulated by a revised Markets in Financial Instruments Directive (2014/65/EU) (as amended, "**MiFID II**") and Markets in Financial Instruments Regulation (Regulation No. 600/2014) ("**MiFIR**"), which – inter alia – set out stricter rules of conduct for intermediaries, including banks. Furthermore, as from 1 January 2019, EU Regulation 2017/2402 introduced a specific framework for simple, transparent and standardised securitisation, while laying down a general framework for securitisation.*

*Against this background, as further detailed below under "Basel III and the CRD IV Package", the EU Banking Reform (as defined below) has introduced Net Stable Funding Ratio (NSFR) requirements and Leverage Ratio (Leverage Ratio) requirement which will apply starting from 28 June 2021.*

*Moreover, on 7 December 2017 the Basel Committee endorsed the outstanding Basel III post-crisis regulatory reforms. The reforms seek to restore credibility in the calculation of risk weighted assets ("**RWAs**") and improve the comparability of banks' capital ratios. This includes the Fundamental Review of the Trading Book ("**FRTB**") – the final standard of which was published by the Basel Committee on 14 January 2019 (and will enter into effect on 1 January 2022) – revised standardised approaches (credit, market and operational risks), constraints to the use of internal models as well as the introduction of a capital floor.*

*The regulator's primary aim under these revisions is to eliminate unwarranted levels of RWA variance. The new framework will have a significant impact on risk modelling. From a credit risk perspective, an impact is expected both on capital held against those exposures assessed via the standardised approach, and those evaluated via an internal ratings based approach ("**IRB**"). In addition, significant* *changes are expected in relation to operational risk modelling, as the Basel Committee is proposing the elimination of the internal models some banks (including UBI Banca) are currently utilising and the introduction of a more standardised approach. Following the finalisation of the Basel framework, the new rules will need to be transposed into European regulation. Implementation of these new rules on risk models will commence from 1 January 2022.*

*The Basel Committee discussion on whether internal models are used appropriately coincides with the targeted review of internal models ("***TRIM***") project launched by the ECB in 2015, and which is still under way. One major objective of TRIM is to reduce unwarranted variability of RWAs that is driven by the modelling freedom granted by the current regulatory framework. The project will assess whether the internal models comply with regulatory requirements, and are reliable and comparable, and will seek to harmonise practices on specific topics. TRIM is expected to be finalised in 2019. TRIM could result in increases or decreases in the capital needs of individual banks.*

*On 23 November 2016, the European Commission presented a comprehensive package of reforms to further strengthen the resilience of EU banks ("***EU Banking Reform***"). The final text of the EU Banking Reform was published in the Official Journal of the EU on 7 June 2019 and entered into force on 27 June 2019. Most of the new rules will apply from 28 June 2021, i.e. two years after the entry into force of the EU Banking Reform. The proposed new package provides for amendments to the following pieces of legislation:*

*(i) the CRD IV Package (as defined below);*

*(ii) the Bank Recovery and Resolution Directive (as defined below); and*

*(iii) Regulation (EU) No. 806/2014 of the European Parliament and of the Council of 15 July 2014 establishing uniform rules and a uniform procedure for the resolution of credit institutions and certain investment firms in the framework of a Single Resolution Mechanism and a Single Resolution Fund.*

*In October 2017, the EU agreed to fast-track selected parts of the EU Banking Reform. The European Parliament, the Council and the European Commission agreed on elements of the review of the BRRD (as defined below), including Article 108, and the CRD IV Package proposed by the EU Banking Reform. The agreement on aspects of the CRD IV implements the new International Financial Reporting Standard ("***IFRS 9***"). This helps mitigate the impact of IFRS 9 standards on EU banks' capital and ability to lend. It also avoids potential disruptions in government bond markets that would result from rules limiting large exposures to a single counterparty. See "The Group may be impacted by new accounting standards" risk factor below.*

*On 28 December 2017, following publication in the Official Journal of the EU on 27 December 2017, Directive (EU) 2017/2399, amending the BRRD as regards the ranking of unsecured debt instruments in insolvency hierarchy (the "***BRRD Amending Directive***") and Regulation (EU) 2017/2395, amending the CRR as regards transitional arrangements for mitigating the introduction of IFRS9 (the "***CRR Amending Regulation***"), entered into force. The BRRD Amending Directive requires Member States to create a new asset class of "non-preferred" senior debt instruments with a lower rank than ordinary senior unsecured debt instruments in insolvency. The BRRD Amending Directive had to be implemented by the EU Member States by 29 December 2018, whereas the CRR Amending Regulation became applicable to EU Member States as of 1 January 2018. In this regard, Italian Law No. 205/2017,* *approved by the Italian Parliament on 27 December 2017, contains the implementing provisions pertaining to "non-preferred" senior debt instruments.*

*As to the new rules of the EU Banking reform related to capital requirements (the most part of which – as said – will apply starting from 28 June 2021), a significant impact could result from the introduction of: (a) a binding Tier 1 capital leverage ratio calibrated at 3% for all banks; (b) a binding NSFR, which – as said above – is a long-term structural ratio to address liquidity mismatches in banking activity; (c) stricter eligibility criteria for liabilities; (d) more risk-sensitive capital requirements for market risk (including a strengthening of the conditions to use internal models); and (e) the prohibition for own funds instruments and eligible liabilities to be subject to set-off or netting arrangements which would undermine their loss-absorbing capacity in resolution.*

*Moreover, on 26 April 2019, EU Regulation no. 2019/630 entered into force, which has modified the CRR. In particular, such regulation introduces common minimum loss coverage levels for newly originated loans that become non-performing. Where the minimum coverage requirement is not met, the difference between the actual coverage level and the requirement should be deducted from a bank's own funds (CET1, as defined below). The minimum coverage levels thus act as a 'statutory prudential backstop'. The required coverage increases gradually depending on how long an exposure has been classified as non-performing, being lower during the first years. This mechanism would ensure that the risks associated with NPL losses that are not sufficiently covered are reflected in institutions' CET1 capital ratios. In order to facilitate a smooth transition towards the new prudential backstop, the new rules should not be applied in relation to exposures originated prior to 26 April 2019.*

*In addition, regulators and supervisory authorities are taking an increasingly strict approach to regulations and their enforcement that may not be to the Issuer's benefit. A breach of any regulations by the Issuer could lead to intervention by the supervisory authorities and the Issuer could come under investigation and surveillance and become involved in judicial or administrative proceedings. The Issuer may also become subject to new regulations and guidelines that may require additional investments in systems and people and compliance with which may place additional burdens or restrictions on the Issuer.*

*Changes in the regulatory framework and in how such regulations are interpreted and/or applied by the supervisory authorities may have an adverse effect on the Group's business and operations . The manner in which the new framework of banking laws and regulations will be applied to the operations of financial institutions is still evolving. No assurance can be given that laws and regulations will be adopted, enforced or interpreted in a manner that will not have an adverse effect on the business, financial condition, cash flows and results of operations of the Group."*

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On page 42 of the Base Prospectus the paragraph "*Basel III and the CRD IV Package*" is deleted and replaced with the following:

***"Basel III and the CRD IV Package***

*In December 2009, the Basel Committee proposed strengthening the global capital framework, and in December 2010, January 2011 and July 2011, the Basel Committee issued its final guidance on the proposed changes to capital adequacy and liquidity requirements ("**Basel III**"), which envisaged a* *substantial strengthening of capital rules existing at the time, including by, among other things, raising the quality of the Common Equity Tier 1 ("***CET 1***") Capital base in a harmonised manner (including through changes to the items which give rise to adjustments to that capital base), introducing requirements for Additional Tier 1 and Tier 2 capital instruments to have a mechanism that requires them to be written off or converted into ordinary shares at the point of a bank's non-viability, strengthening the risk coverage of the capital framework, promoting the build-up of capital buffers and introducing a new Leverage Ratio (as defined below) and global minimum liquidity standards for the banking sector. The Basel III framework adopts a gradual approach, with the requirements to be implemented over time, many of which will be enacted by the end of 2019.*

*In January 2013 the Basel Committee revised its original proposal in respect of the liquidity requirements in light of concerns raised by the banking industry, providing for a gradual phasing-in of the LCR (as defined below), with a full implementation in 2019, as well as expanding the definition of high quality liquid assets to include lower quality corporate securities, equities and residential mortgage backed securities.*

*In December 2017 the Basel Committee finalised the outstanding Basel III post-crisis regulatory reforms. The reforms seek to restore credibility in the calculation of RWAs (as defined below) by enhancing the robustness and risk sensitivity of the standardised approaches for credit risk and operational risk, which will facilitate the comparability of banks' capital ratios; constraining the use of internally-modelled approaches; and complementing the risk-weighted capital ratio with a finalised leverage ratio and a revised and robust capital floor. The implementation of the new framework will take effect from 1 January 2022 (with certain aspects of the reforms to be phased in over five years from 2022).*

*In February 2018, the Basel Committee issued for consultation the updated framework of Pillar 3 requirements, which contains new or revised regulatory disclosure requirements. Such disclosure: (i) covers credit risk, operational risk, leverage ratio and credit valuation adjustment ("***CVA***"); (ii) benchmarks a bank's risk-weighted assets ("***RWA***") as calculated by its internal models with RWA calculated according to the standardised approaches; and (iii) provides an overview of risk management, key prudential metrics and RWA.*

*The Basel III framework has been implemented in the EU through Directive 2013/36/EU of the European Parliament and of the Council of the European Union of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms which took effect from 1 January 2014 (as amended and supplemented, the "***CRD IV***") and Regulation (EU) No 575/2013 of the European Parliament and of the Council of the European Union of 26 June 2013 on prudential requirements for credit institutions and investment firms which took into effect from 28 June 2013 (as amended and supplemented, the CRR and together with the "***CRD IV***", the "***CRD IV Package***").*

*Full implementation began on 1 January 2014, with particular elements being phased in over a period of time (the requirements will be largely fully effective by the end of 2019 and some minor transitional provisions provide for phase-in until 2024). It is possible that EU Member States may introduce certain provisions at an earlier or later date than that set out in the CRD IV Package.*

*National options and discretions under the CRD IV Package that were exercised by national competent authorities are now exercised by the SSM (as defined below) in a largely harmonised manner throughout the European banking union. In this respect, on 14 March 2016 the ECB adopted Regulation (EU) 2016/445 on the exercise of options and discretions available in European Union Law, published on 24 March 2016 and the ECB guide on options and discretions available in European Union Law (the "**ECB Guide**"), both published on 24 March 2016. This regulation specifies certain of the options and discretions conferred on competent authorities under European Union Law concerning prudential requirements for credit institutions that the ECB is exercising. It shall apply exclusively with regard to those credit institutions classified as "significant" in accordance with Article 6(4) of Regulation (EU) No 1024/2013, and Part IV and Article 147(1) of Regulation (EU) No 468/2014. Depending on the manner in which these options / discretions were so far exercised by the national competent authorities and the manner in which the SSM will exercise them in the future, additional/lower capital requirements may result. Moreover, on 10 August 2016, the ECB published an addendum to the ECB Guide which addresses eight options and discretions and complementing the existing ECB Guide and Regulation (EU) 2016/445 published on 24 March 2016 mentioned above.*

*In addition, on 13 April 2017, the ECB published a guideline and a recommendation addressed to the national competent authorities ("**NCAs**") concerning the exercise of options and national discretions available in European Union Law that affect banks which are directly supervised by the NCAs (i.e. less significant institutions). Both documents are intended to further harmonise the way banks are supervised by NCAs in the 19 countries to which the SSM (as defined below) applies. The aim is to ensure a level playing field and the smooth functioning of the euro area banking system as a whole.*

*In Italy, the Government approved Legislative Decree No. 72 of 12 May 2015 implementing the CRD IV (Decree 72/2015). Decree 72/2015 entered into force on 27 June 2015. Decree 72/2015 impacted, inter alia, on:*

- *proposed acquisitions of holdings in credit institutions, requirements for shareholders and members of the management body (Articles 23 and 91 of the CRD IV);*
- *supervisory measures and competent authorities' powers (Articles 64, 65, 102 and 104 of the CRD IV);*
- *reporting of potential or actual breaches of national provisions (so called whistleblowing, Article 71 of the CRD IV); and*
- *administrative penalties and measures (Article 65 of the CRD IV)*

*The Bank of Italy published the supervisory regulations on banks in December 2013 (Circular of the Bank of Italy No. 285 of 17 December 2013, as subsequently amended from time to time by the Bank of Italy – Circular No. 285) which came into force on 1 January 2014, implementing the CRD IV Package, and setting out additional local prudential rules. Circular No. 285 has been updated a number of times after its first issue, the last update being the 28th update of 26 July 2019. The CRR and CRD IV are also supplemented in Italy by technical rules relating to the CRD IV and the CRR published through delegated regulations of the European Commission and guidelines of the European Banking Authority.*

*According to Article 92 of the CRR, institutions shall at all times satisfy the following own funds requirements: (i) a CET1 Capital ratio of 4.5 per cent., (ii) a Tier 1 Capital ratio of 6 per cent., and (iii) a*

*Total Capital Ratio of 8 per cent. These minimum ratios are complemented by the following capital buffers to be met with CET1 Capital, reported below as applicable with reference to 30 June 2019:*

· *Capital conservation buffer: the Capital conservation buffer has applied to the Issuer from 1 January 2014 (pursuant to Article 129 of the CRD IV and Part I, Title II, Chapter I, Section II of Circular No. 285). According to the 18th update to Circular No. 285 published on 4 October 2016, new transitional rules provide for a capital conservation buffer set at 2.5 per cent. of RWAs from 1 January 2019;*

· *Counter-cyclical capital buffer: the countercyclical capital buffer applied starting from 1 January 2016. As of 30 June 2019:*

- *the specific countercyclical capital rate of the Group amounted to 0.004 per cent. for the individual) and 0.009 per cent. (consolidated);*

- *countercyclical capital rates have generally been set at 0 per cent., except for the following countries: Lithuania (1 per cent.), United Kingdom (1 per cent.), Czech Republic (1.5 per cent.), Slovakia (1.5 per cent.), Iceland (1.75 per cent.), Hong Kong (2.5 per cent.), Norway (2.5 per cent.) and Sweden (2.5 per cent.). Several countries are due to increase their countercyclical capital rates during the remainder of 2019 and during 2020; and*

- *by a press release dated 20 September 2019, with reference to the exposure towards Italian counterparties, the Bank of Italy has decided to keep the countercyclical capital buffer rate at 0 per cent. for the fourth quarter of 2019; and*

· *Capital buffers for globally systemically important institutions ("**G-SIIs**"): set as an "additional loss absorbency" buffer ranging from 1.0 per cent. to 3.5 per cent. in terms of the required level of additional common equity loss absorbency as a percentage of RWAs), determined according to specific indicators (e.g. size, interconnectedness, complexity), which was phased in from 1 January 2016 (Article 131 of the CRD IV and Part I, Title II, Chapter I, Section IV of Circular No. 285) and became fully effective on 1 January 2019. Based on the most recently updated list of G-SIIs published by the Financial Stability Board ("**FSB**") on 16 November 2018 (to be updated annually), the Issuer is not a global systemically important bank ("**G-SIB**") and does not need to comply with a G-SII capital buffer requirement.*

*Capital buffers for other systemically important institutions at domestic level ("**O-SIIs**"): up to 2.0 per cent. as set by the relevant competent authority (and must be reviewed at least annually), to compensate for the higher risk that such banks represent to the domestic financial system (Article 131 of the CRD IV and Part I, Title II, Chapter 1, Section IV of Circular No. 285). The Bank of Italy has not identified the Issuer as an O-SII for the year 2019 and, therefore, the Issuer does not need to comply with an O-SII capital buffer requirement.*

*In addition to the above listed capital buffers, under Article 133 of the CRD IV each Member State may introduce a Systemic Risk Buffer of Common Equity Tier 1 capital for the financial sector or one or more subsets of that sector in order to prevent and mitigate long term non-cyclical systemic or macroprudential risks not otherwise covered by the CRD IV Package, in the sense of a risk of disruption in the financial system with the potential of having serious negative consequences on the financial system and the real economy in a specific Member State. At this stage no provision is set forth on the* *systemic risk buffer under Article 133 of the CRD IV as the Italian level 1 rules for the implementation of the CRD IV on this point have not been enacted yet.*

*Failure to comply with such combined buffer requirements triggers restrictions on distributions and the need for the bank to adopt a capital conservation plan on necessary remedial actions (Articles 140 and 141 of the CRD IV and Part I, Title II, Chapter 1, Section V of Circular No. 285).*

*Moreover, the Issuer is subject to the Pillar 2 requirements for banks imposed under the CRD IV Package, which will be impacted, on an on-going basis, by the Supervisory Review and Evaluation Process ("**SREP**"). The SREP is aimed at ensuring that institutions have in place adequate arrangements, strategies, processes and mechanisms to maintain the amounts, types and distribution of internal capital commensurate to their risk profile, as well as robust governance and internal control arrangements. The key purpose of the SREP is to ensure that institutions have adequate arrangements as well as capital and liquidity to ensure sound management and coverage of the risks to which they are or might be exposed, including those revealed by stress testing, as well as risks the institution may pose to the financial system.*

*The quantum of any Pillar 2 requirement imposed on a bank, the type of capital which it must apply to meeting such capital requirements, and whether the Pillar 2 requirement is "stacked" below the capital buffers (i.e. the bank's capital resources must first be applied to meeting the Pillar 2 requirements in full before capital can be applied to meeting the capital buffers) or "stacked" above the capital buffers (i.e. the bank's capital resources can be applied to meeting the capital buffers in priority to the Pillar 2 requirement) may all impact a bank's ability to comply with the combined buffer requirement.*

*As set out in the "Opinion of the European Banking Authority on the interaction of Pillar 1, Pillar 2 and combined buffer requirements and restrictions on distributions" published on 16 December 2015, in the European Banking Authority's ("**EBA**") opinion, competent authorities should ensure that the CET 1 Capital to be taken into account in determining the CET 1 Capital available to meet the combined buffer requirement, should be limited to the amount not used to meet the Pillar 1 and Pillar 2 own funds requirements of the institution. In effect, this would mean that Pillar 2 capital requirements would be "stacked" below the capital buffers, and thus an institution's CET1 resources would only be applied to meeting its capital buffer requirements after its Pillar 1 and Pillar 2 capital requirements have been met in full.*

*However, in 2016, the EBA and the ECB appeared to have adopted a more flexible approach to Pillar 2 requirements. In its publication of the 2016 EU-wide stress test results on 29 July 2016, the EBA recognised a distinction between "pillar 2 capital requirements" (stacked below the capital buffers) and "Pillar 2 capital guidance" or "P2G" (stacked above the capital buffers). With respect to P2G, the publication stated that, in response to the stress test results, competent authorities may (among other things) consider "setting capital guidance, above the combined buffer requirement". In July 2018, EBA modified the guidelines for common procedures and methodologies in respect of the SREP published on 19 December 2014 (the "**SREP Guidelines**") in order to outline – inter alia – how competent authorities should establish and set out P2G based on supervisory stress test results, specifying that "as P2G is positioned above the combined buffer requirement, a failure to meet P2G does not trigger the automatic restrictions on distributions provided for in Article 141 of Directive 2013/36/EU". Such amended guidelines have applied from 1 January 2019.*

*Whereas Pillar 2 requirements are mandatory requirements imposed by 19 supervisors to address risks not covered or not sufficiently covered by Pillar 1 and buffer capital requirements, Pillar 2 capital guidance refers to the possibility for competent authorities to communicate to an institution their expectations for such institution to hold capital in excess of its capital requirements (Pillar 1 and Pillar 2) and combined buffer requirements in order to cope with forward-looking and remote situations. In accordance with the EBA SREP Guidelines, only Pillar 2 requirements, and not Pillar 2 capital guidance, are relevant in determining whether an institution is meeting its combined buffer requirement. Non-compliance with Pillar 2 capital guidance does not amount to failure to comply with capital requirements but should be considered as a "pre-alarm warning" to be used in the bank's risk management process. If capital levels go below Pillar 2 capital guidance, the relevant supervisory authorities, which should be promptly informed in detail by the bank of the reasons of the failure to comply with the Pillar 2 capital guidance, will take into consideration appropriate and proportional measures on a case by case basis (including, by way of example, the possibility of implementing a plan aimed at restoring compliance with the capital requirements - including capital strengthening requirements).*

*Following the results of the SREP performed by the ECB, the Issuer is required to meet on a consolidated basis both a minimum CET1 Ratio of 9,25 per cent. and a minimum Total Capital Ratio of 12.75 per cent. to be applied for the year 2019.*

*As part of the CRD IV Package transitional arrangements, as implemented by Circular No. 285, regulatory capital recognition of outstanding instruments which qualified as Tier 1 or Tier 2 capital instruments under the framework which the CRD IV Package has replaced that no longer meet the minimum eligibility criteria for Tier 1 or Tier 2 capital instruments (respectively) under the CRD IV Package will have their capital recognition gradually phased out. By fixing the base at the nominal amount of all such instruments outstanding on 1 January 2013, their recognition was capped at 80 per cent. in 2014, with this cap decreasing by 10 per cent. in each subsequent year (see, in particular, Part Two, Chapter 14, Section 2 of Circular No. 285).*

*As to the new liquidity requirements, the CRD IV Package has introduced the Liquidity Coverage Ratio (the "***LCR***") and NSFR. The Liquidity Coverage Ratio Delegated Regulation (EU) 2015/61 was adopted on 10 October 2014 and published in the Official Journal of the European Union in January 2015 and became fully applicable from 1 January 2018. On the other hand, the EU Banking Reform includes the establishment of a binding detailed NSFR which will require credit institutions and systemic investment firms to finance their long-term activities with stable sources of funding with a view to increasing banks' resilience to funding constraints. The amount of available stable funding is calculated by multiplying an institution's liabilities and regulatory capital by appropriate factors that reflect their degree of reliability over a year. The binding NSFR is expressed as a percentage and set at a minimum level of 100 per cent., which indicates that an institution holds sufficient stable funding to meet its funding needs during a one-year period under both normal and stressed conditions. The NSFR will apply at a level of 100 per cent. to credit institutions and systemic investment firms starting from 28 June 2021.*

*The CRD IV Package also introduced a new leverage ratio ("***Leverage Ratio***") with the aim of restricting the level of leverage that an institution can take on to ensure that its assets are in line with its capital. The Leverage Ratio Delegated Regulation (EU) 2015/62 was adopted on 10 October 2014 and was* *published in the Official Journal of the European Union in January 2015, amending the calculation of the leverage ratio compared to the current text of the CRR Regulation. The EU Banking Reform introduces a binding leverage ratio of 3 per cent. which is designed to prevent institutions from excessively increasing leverage.*

*The CRD IV Package contains specific mandates for the EBA to develop draft regulatory or implementing technical standards as well as guidelines and reports related to LCR and Leverage Ratio in order to enhance regulatory harmonisation in Europe through the EBA single supervisory rulebook applicable to EU Member States (the "**Single Rule Book**").*

*Should the Issuer not be able to implement the approach to capital requirements it considers optimal in order to meet the capital requirements imposed by the CRD IV Package, it may be required to maintain levels of capital which could potentially impact its credit ratings, funding conditions and limit the Issuer's growth opportunities.*

*In addition to the substantial changes in capital and liquidity requirements introduced by Basel III and the CRD IV Package, there are several other initiatives, in various stages of finalisation, which represent additional regulatory pressure over the medium term and will impact the EU's future regulatory direction. These initiatives include, among others, the above-mentioned MiFID II and MiFIR which applied from 3 January 2018, subject to certain transitional arrangements. The Basel Committee also published certain amendments to the securitisation framework which came into force on 1 January 2019."*

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On page 62 of the Base Prospectus the paragraph "*Adoption of IFRS 9 and IFRS 15*" is deleted and replaced with the following:

"***The Group may be impacted by new accounting standards***

*The Issuer is exposed to the effects of the entry into force and subsequent application of new accounting principles or standards and regulations and/or changes to them (including those resulting from International Accounting Standards as endorsed and adopted in Europe). In particular, in the future the Issuer may need to revise the accounting and regulatory treatment of some of its existing assets, liabilities and transactions (and related income and expenses), with possible negative effects, including significant ones, on the estimates in financial plans for future years and this could lead to the Issuer having to restate financial data published previously.*

*Beginning from 1 January 2019 the Group has applied the new accounting standard IFRS 16 (Leases), published by the International Accounting Standards Board ("**IASB**") on 13 January 2016 and endorsed by the European Commission on 9 November 2017, that has superseded accounting standard IAS 17 (Leases).*

*Specifically, the new standard introduces new accounting rules for leasing contracts for the lessees (i.e. the users of the goods under a contract for lease). These rules are based on the definition of 'lease' as a contract in which the right to control the use of an identified asset is granted for a specified period of time, in exchange for payment.*

*As a result of this definition, the lessee must recognise the right-of-use of the underlying asset as an asset on the balance sheet, and that asset will subsequently be subject to depreciation; the lessee must* *then also recognise the present value of lease payments (to be made over the full lifetime of the contract) as a liability.*

*The Group has conducted a detailed analysis of the contracts stipulated as lessor/lessee, which may constitute a "Lease", according to the provisions of IFRS 16, followed by a subsequent design and implementation phase, in order to be compliant with the new standard starting from 1 January 2019.*

*Given the UBI Banca Group choice to adopt the "retrospectively modified approach" for the transition to IFRS 16, no impacts were identified on Shareholders' equity, as at 1 January 2019.*

*As at 1 January 2019 total assets have increased for 394.2 million euros, of which:*

- *rights of use on real estate properties for 410.5 million euros, (of which 35.4 million euros related to extraordinary maintenance costs on leased goods, so-called "Migliorie su beni di terzi", reclassified from "Other activities" to "Tangible assets" in accordance with Circular 262/2005 6th update of the Bank of Italy);*
- *rights of use on hardware for 15 million euros;*
- *rights of use on motor vehicles for 4.1 million euros.*

*Correspondingly, as at 1 January 2019 financial liabilities have increased by 394.2 million euros, representing the financial obligation of future lease payments.*

*Further, due to the effect on RWAs, resulting from the recognition of new "Tangible assets", the negative impact in terms of CET1 has been 7 basis point (negative).*

*In addition, it should be noted that the European Commission endorsed the following accounting principles and interpretations that are applicable starting from 2019 financial statements:*

- *Regulation (EU) No. 2018/498 which adopts the "Amendment to IFRS9: Prepayment features with negative compensation transaction";*
- *Regulation No. 2018/1595 which adopts "IFRIC 23: Uncertainty over income tax treatments";*
- *Regulation (EU) No. 2019/237 which adopts the "Amendment to IAS 28: Long term interests in associates and joint ventures";*
- *Regulation (EU) No. 2019/402 which adopts the "Amendment to IAS 19: Plan amendments, curtailment or settlement";*
- *Regulation (EU) No. 2019/412 which adopts the "Annual improvements to IFRS Standards 2015-2017 Cycle".*

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On page 68 of the Base Prospectus the paragraph "*Changes in the Issuer's scope of consolidation and changes in accounting principles mean that the historical financial statements are not fully comparable between them and that the future financial statements will not be comparable to such historical financial statements*" is deleted and replaced with the following:

*"The balance sheet and income statement figures as at and for the six months ended 30 June 2019 are not fully comparable with those for the comparative periods because the latter had been calculated by applying international reporting standard IAS 17, which was in force during the relative reporting*

*periods. In fact, in accordance with par. C.7 of IFRS 16, there is no obligation, for entities that on first-time adoption have opted to use the "modified retrospective" approach, to restate figures for comparative purposes. In order to provide full information, a reconciliation of the balance sheet figures pursuant to IAS 17 published in the Consolidated Financial Statements of the UBI Banca Group as at 31 December 2018 with those calculated as at 1 January 2019 in application of the provisions of IFRS 16 is provided in the "Explanatory Notes" of the Consolidated Interim Financial Report as at 30 June 2019."*

DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the first two paragraphs of section "*Documents incorporated by reference*", on page 89 of the Base Prospectus (underlined words show the insertions made):

*"This Base Prospectus should be read and construed in conjunction with the following information, which has been previously published or filed with the Central Bank:*

*(a) the press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement;*

*https://www.ubibanca.it/contenuti/file/UBI%20Banca%20-%20TLTRO2%20-%20250920191.pdf*

*(b) the consolidated interim financial report of UBI Banca as at and for the half year ended 30 June 2019 (reviewed by the auditors) (the "**UBI Banca Semi-Annual Report 2019**"), available at:*

*https://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca_Interim%20Financial%20Report%20as%20at%20and%20for%20the%20period%20ended%2030th%20June%202019.pdf*;

*(c) the press release dated 2 August 2019 regarding the Issuer's consolidated results as at 30 June 2019;*

*https://www.ubibanca.it/contenuti/file/UBI%20Banca%20-%20Results%20as%20at%2030%20June%202019.pdf*

*(d) the press release dated 30 July 2019 regarding Moody's' rating of UBI Banca and the outlook on the senior unsecured debt ratings;*

*https://www.ubibanca.it/contenuti/file/UBI%20Banca%20-%20rating%20Moody%20-%2030072019%20def1.pdf*

*(e) the press release dated 22 July 2019 regarding the UBI Banca disposal of bad loans;*

*https://www.ubibanca.it/contenuti/file/UBI%20Banca%20-%20disposal%20of%20factoring%20and%20leasing%20bad%20loans%20-%2022072019.pdf*

*(f) the unaudited consolidated quarterly financial statements of UBI Banca as at and for the three months ended 31 March 2019 (the "**UBI Banca Quarterly Financial Report as at 31 March 2019**");*

*https://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca_Interim%20Financial%20Report%20for%20the%20period%20ended%2031st%20March%2020194.pdf*

*(g) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2018, together with the audit report thereon;*

*https://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca%202018%20Consolidated%20Report3.pdf*

*(h) the audited consolidated annual financial statements of the Issuer as at and for the year ended 31 December 2017, together with the audit report thereon;*

*http://www.ubibanca.it/contenuti/RigAlle/2017_Consolid%20Management%20Report%20and%20Consolid%20Notes%20to%20accounts.pdf;*

*and*

(i) *the Terms and Conditions set out in the base prospectus dated 30 July 2018 relating to the Programme*

*https://www.ubibanca.it/contenuti/RigAlle/UBI%20EMTN_Base%20Prospectus_Update%202018_FINAL%20V2_CHIOM_7051135_v11.PDF.*

*Items (a) to (i) above are contained in the press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement, the UBI Banca Semi-Annual Report 2019, the press release dated 2 August 2019 regarding the consolidated results of the Issuer as at 30 June 2019, the press release dated 30 July 2019 regarding the rating of UBI Banca and the outlook on the senior unsecured debt ratings, the press release dated 22 July 2019 regarding the UBI Banca disposal of bad loans, the UBI Banca Quarterly Financial Report as at 31 March 2019, UBI Banca Reports and Accounts 2018, the UBI Banca Reports and Accounts 2017 and the base prospectus dated 30 July 2018, relating to the Programme, respectively, at the pages set out in the cross reference tables below".*

* * * * *

On page 90 of the Base Prospectus, the following tables are included before the table headed "*Audited consolidated financial statements of UBI Banca as at and for the year ended 31 December 2018*":

***Press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement***

| | |
|---|---|
| *Press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement* | *English section of the document* |

***Consolidated interim financial report of UBI Banca as at and for the half year ended 30 June 2019***

| | |
|---|---|
| *Consolidated Interim Financial Report of UBI Banca as at and for the half year ended 30 June 2019* | *Entire document with the exception of paragraph headed "Outlook for consolidated operations" on page 151 of the document* |

Any other information not listed above but contained in the press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement and in the UBI Banca Semi-Annual Report 2019 is not incorporated by reference and is either not relevant for the investor or it is covered elsewhere in the Base Prospectus.

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## GENERAL INFORMATION

On page 274 of the Base Prospectus, paragraph (3) is deleted and replaced with the following:

*"(3) There has been no significant change in the financial or trading position of the UBI Banca Group since 30 June 2019 and no material adverse change in the prospects of UBI Banca since 31 December 2018."*

* * *

On page 275 of the Base Prospectus, paragraph (9) is deleted and replaced with the following:

"*(9) For so long as Notes may be issued pursuant to this Base Prospectus, the following documents will be available in hard copy (in English translation where necessary) during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and the specified office of the Paying Agent in London:*

*(i) the Trust Deed (which includes the forms of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);*

*(ii) the Agency Agreement for the Italian Law Notes;*

*(iii) the Agency Agreement for the English Law Notes;*

*(iv) the by-laws (Statuto) of UBI Banca with certified English translation;*

*(v) the audited consolidated financial statements of UBI Banca for the financial years ended 31 December 2017 and 31 December 2018;*

*(vi) the unaudited consolidated quarterly financial statements of UBI Banca as at and for the three months ended 31 March 2019;*

*(vii) <u>the consolidated interim financial report of UBI Banca as at and for the half year ended 30 June 2019 (reviewed by the auditors)</u> ;*

*(viii) <u>the press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement;</u>*

*(ix) the press release dated 30 July 2019 regarding Moody's' rating of UBI Banca and the outlook on the senior unsecured debt ratings;*

*(x) the press release dated 22 July 2019 regarding the UBI Banca disposal of bad loans;*

*(xi) each Final Terms; and*

*(xii) a copy of this Base Prospectus together with any supplement to this Base Prospectus or further Base Prospectus and any other documents incorporated herein or therein by reference.".*

* * * * *

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 Base 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 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 Base Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Base 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 Base Prospectus since the publication of the Base Prospectus.