

SUPPLEMENT DATED 21 NOVEMBER 2019
TO THE BASE PROSPECTUS DATED 24 MAY 2019 AS SUPPLEMENTED ON 9 AUGUST 2019 AND ON 4
OCTOBER 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 and on 4 October 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"**Base Prospectus**"), which constitutes a base prospectus under Article 5.4 of Directive 2003/71/EC (as amended or superseded, the "**Prospectus Directive**") and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme (the "**Programme**") of Unione di Banche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 the press release entitled "*Results of the UBI Group for the period ended 30 September 2019*" dated 8 November 2019 relating to the approval of the Issuer's interim consolidated financial results as at and for the period ended on 30 September 2019 by the Board of Directors of UBI Banca and (ii) update the sections of the Base Prospectus entitled "*Risk Factors*", "*Documents Incorporated by Reference*", "*UBI Banca and the UBI Banca Group*" and "*General Information*".

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RISK FACTORS

On page 30 of the Base Prospectus, the paragraph headed "*Risks associated with the 2017–2020 Business Plan of the UBI Banca Group*" is deleted and replaced with the following:

"Risks associated with the 2017–2020 Business Plan of the UBI Banca Group

On 5 May 2017, the Supervisory Board of UBI Banca approved, upon proposal of the Management Board, the 2017–2020 Business Plan of UBI Banca Group. The 2017–2020 Business Plan referred to the so-called "combined entity" – i.e. the UBI Banca Group including the three banks acquired and consolidated as of 1 April 2017 – and took into account the change in the Group's scope, updating and implementing the 2019/2020 Business Plan (approved on 27 June 2016 by the Supervisory Board of UBI Banca on the proposal of the Management Board which contained the strategic guidelines and the economic, financial and capital objectives of the UBI Banca Group "stand alone" (i.e. the UBI Banca Group excluding the three banks acquired and consolidated as of 1 April 2017) for the period 2016–2019/2020). The Issuer's ability to perform the actions and achieve the objectives set out in the 2017–2020 Business Plan depended on numerous assumptions and circumstances, some of which were outside the Issuer's control (such as, for example, the macroeconomic scenario and the evolution of the regulatory context) or in any case related to events that could not be fully controlled by the Issuer's administrative bodies and management. In light of: a) the events that emerged in the 2018 annual report: – (i) a macroeconomic scenario expected in 2019 significantly different from that forecast in the current Business Plan (negative market rates compared to the forecast of slightly positive rates in 2019, expected GDP growth lower than the 0.9% forecast in the Business Plan, higher credit spreads, uncertainties on national and international markets), (ii) operating costs and credit quality, as well as stock of deteriorated loans at levels already close to those forecast for 2020, and b) the change in governance linked to the adoption of the one-tier model, with the appointment of a new Board of Directors by the Shareholders' Meeting of 12 April 2019 – it was announced that a new Business Plan would be elaborated which could present, in terms of implementation hypotheses (macroeconomic scenario, actions to be taken and future targets) differences compared with the 2017–2020 Business Plan."

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DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the first two paragraphs of the 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 8 November 2019 regarding the Issuer's consolidated results as at 30 September 2019:*

<http://www.ubibanca.it/contenuti/file/UBI%20Banca%20-%20Results%20as%20at%2030%20September%202019.pdf>

- (b) *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>
- (c) *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;
- (d) *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>
- (e) *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>
- (f) *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>
- (g) *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
- (h) *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>
- (i) *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*
- (j) *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 (j) above are contained in the press release dated 8 November 2019 regarding the Issuer's consolidated results as at 30 September 2019, 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”.

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On page 90 of the Base Prospectus, the following table is added before the table headed “*Press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement*”.

Press release dated 8 November 2019 regarding the Issuer's consolidated results as at 30 September 2019

<i>Press release dated 8 November 2019 regarding the Issuer's consolidated results as at 30 September 2019</i>	<i>Entire document except for the paragraph entitled “Outlook” on page 11</i>
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Any other information not listed above but contained in the press release dated 8 November 2019 regarding the Issuer's consolidated results as at 30 September 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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UBI BANCA AND THE UBI BANCA GROUP

On page 223 of the Base Prospectus, the following sub-paragraph is added as first sub-paragraph under paragraph headed “*Recent Developments*”:

“Shareholders' agreements known to UBI Banca in accordance with Art. 122 of the Consolidated Finance Law

At the date of this Base Prospectus the Issuer has received communications relating to the existence of the following shareholders' agreements:

- *Patto dei Mille (Pact of the Thousand), executed on 27 January 2016: on the basis of the latest communication received on 9 July 2019, ordinary shares amounting to 1,603% of the total voting rights representing the share capital of UBI Banca are bound by the pact;*
- *Sindacato Azionisti UBI Banca Spa (UBI Banca Spa Shareholders' Syndicate), executed on 17 February 2016: on the basis of the latest report received on 6 March 2019, ordinary shares, amounting to 12.54% of the total voting rights representing the share capital of UBI Banca, are bound by the pact;*
- *Patto parasociale (Shareholders' Agreement), executed on 19 September 2019 between some shareholders of the Issuer, to define the framework of the principles, guidelines and principal rules for commencing and developing a collaboration between significant shareholders of the Issuer, in order to promote the stability and the development of UBI Banca, and also to favour the creation of long-term value, by means of a dialogue with the management of UBI Banca and other initiatives, in compliance with best international practices on engagement and stewardship. The efficacy of the Shareholders' Agreement is subject to, inter alia, the receipt of the authorisation from the competent authorities and, in any event, it will not come into effect before 1 January 2020. On the basis of the latest communication received on 17 October 2019, 203,636,142 ordinary UBI Banca shares, accounting for 17.796% of the UBI Banca share capital, had joined the Shareholders' Agreement. Please see Attachment A of the Essential Information on the Shareholders' Pact published in accordance with Art. 130 of the Regulation No. 11971 on the UBI Banca website for further information on the Parties to the Shareholders' Agreement and the shares they hold."*

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On pages 234 and 235 of the Base Prospectus, the second and third paragraphs of the sub-paragraph headed "*Information relating to certain specific proceedings*" under paragraph headed "*Recent Developments*" are deleted and replaced with the following:

- "*On conclusion of the investigations commenced in 2014 by the **Public Prosecutor's Office of Bergamo**, in November 2016 a "Notice of conclusion of the preliminary investigations – Concomitant notification of investigation and right to defence – articles 369, 369 bis and 415 bis of the Italian Code of Criminal Procedure" was notified to certain officers of UBI Banca who were in office at that time in which the crimes of "Hindrance of the Public Supervisory Authorities in the exercise of their duties" (Art. 2638 of the Italian Civil Code and Art. 170 bis of the Consolidated Finance Law) and "Illicit influence on a shareholders meeting" (article 2636 of the Italian Civil Code) in relation to the meeting held in April 2013, were alleged against various suspects on various grounds. In such notice, the offence of "Fraud" (Truffa) (art. 640 of the Italian Criminal Code) and "Failure to comply with the provisions concerning the obligations of bank officers" (Inosservanza delle disposizioni in materia di obbligazioni degli esponenti bancari) (art. 136 of the Consolidated Banking Act), as well as certain tax offences, were also alleged in relation to other third parties. Altogether this notification was addressed to 39 persons, including 28 directors and interim managers of the UBI Banca Group and officers of UBI Leasing who*

were in office at that time. At the same time, the Public Prosecutor also notified UBI Banca of the conclusion of preliminary investigations alleging that the Institution has an 'administrative' liability under Legislative Decree No. 231/2001, in relation to the offence of "hindrance of the public supervisory authorities in the exercise of their duties" (article 2638 of the Italian Civil Code) and "illicit influence on a shareholders' meeting" (article 2636 of the Civil Code). As part of the proceedings in question, on 1 August 2017 UBI Banca received a notification of committal for trial and consequent notification of the date sets for the preliminary hearing on 10 November 2017 for the administrative violations provided for by article 25 ter, letter q) and letter s) of Legislative Decree No. 231/2001. The Public Prosecutor's Office of Bergamo asked in particular for committal to trial for the administrative violations mentioned in relation to the offences pursuant to articles 2636 and 2638 of the Italian Civil Code for which charges have been brought against, amongst others, some senior officers who were in office at that time; these officers received subpoenas for preliminary hearings to begin on 10 November 2017. The judge of the preliminary hearing, by decree of 27 April 2018, referred the defendants to trial before the Court of Bergamo for a hearing on 25 July 2018. The president of the panel of the first section of the Bergamo Court ordered the transmission of the case to the second section of the same Court for functional jurisdiction, deferring the parties a hearing on 17 September 2018. During such hearing, Mr. Jannone, Mr. Bava, Mr. Vedovato, Mr. Cividini, Mr. Agliardi, Mr. Franceschetto, Mr. Bertolotto, Mr. Peroni and Mr. Cardillo launched a civil action in the context of the criminal proceeding. Consob has already joined the proceedings as a civil party, while the Bank of Italy retains the role of sole injured party and not as a civil party. At the subsequent hearing on 28 September 2018, the defendants' defences dealt with their respective questions on the inadmissibility of the civil parties to the proceedings; the Issuer's defence, in particular, raised the inadmissibility of the (unique) acts of Mr. Bava and Mr. Cardillo instituting court proceeding as civil party also addressed to UBI Banca. At the hearing of 26 October 2018, the civil party, Mr Cardillo, decided not to institute the proceeding waiving his relevant right. Subsequently, the Court issued an order declaring Mr Bava's civil action inadmissible, while admitting, albeit limited to item (f) of the decree ordering the proceedings and only in relation to the accused natural persons, the instituting of the proceeding as civil party of Mr Agliardi, Mr Cividini, Mr Vedovato, Mr Bertolotto, Mr Franceschetto and Mr Jannone. None of the civil parties required UBI Banca to be sued as civilly liable. The trial investigation is currently in progress and, for the time being, hearings have been scheduled until October 2020. It should be noted that on 2 October 2017 the Bergamo Public Prosecutor's Office formalised the request to close the case for the offence of fraud, failure to comply with the provisions on the obligations of bank officers and tax offences, which were originally raised against (among others) some officers of UBI Leasing and are now no longer included in the request for indictment. The Preliminary Investigation Judge decided on the request to close the case with a decree of closure (decreto di archiviazione) dated 4 January 2018. The Issuer is certain and reiterates that the hearing, going into the merits, will demonstrate the groundlessness of the accusations made against UBI Banca and its officers, believing that there was no obstacle to supervision, no hidden agreement, no omission of information, no influence in

determining the majority of the shareholders' meetings. In the event that the Issuer is convicted of the alleged offences pursuant to Legislative Decree No. 231 of 2001, a pecuniary sanction would be applied to the Issuer. Such sanction, in relation to the predicate offence referred to in article 2636 of the Italian Civil Code, would range from a minimum of Euro 37,500 euro up to a maximum of Euro 511,170, while in relation to the offence referred to in article 2638 of the Italian Civil Code it would range from a minimum of Euro 51,600 up to a maximum of Euro 619,600. For the sake of completeness, it should be noted that, following the renewal, at the shareholders' meeting held on 12 April 2019, of the corporate bodies of UBI Banca, of the 28 pro tempore representatives of the UBI Banca Group who were involved in the proceedings collectively, only one is currently in charge, with the role of member of the board of directors;

- *a provision of 15 May 2017 with which the Autorità Garante della Concorrenza e del Mercato (AGCM – Italian Competition Authority) ruled that no penalties should be imposed on the Italian Banking Association and 11 Banks (including UBI Banca) involved in the origination and definition of an interbank agreement for the service named “Sepa Compliant Electronic Database Alignment” (SEDA), due to the non-serious nature of the violation relating to a presumed agreement restricting competition. This was also in view of the regulatory and economic framework in which the conduct occurred (see previous financial reports for greater details on the proceedings). The final provision of the proceedings ruled that the parties involved should in any event cease their conduct, abstain in future from similar conduct and present a special report to give an account of the measures adopted by 1 January 2018. Compliance with the provision was ensured by revising the interbank agreement in question and making changes to the remuneration provided for in it, in order to change to a different system, previously already agreed upon with the AGCM, based on the application of multilateral interchange fees (MIF) linked to costs. Implementation of the new general contract, co-ordinated by the Italian Banking Association, which supervised the various stages with its circulars, involved the implementation of a set of changes to the structure of the contracts with customers and to the software apps, and this required, amongst other things, the termination of all existing contracts and the need for the banks that held contractual agreements for the delivery of the beneficiary side of the SEDA service (i.e. the alignment PSP) to sign new contracts with customers who wanted to continue to use the service under the new conditions. The new system came into operation on 1 January 2018; all the activities carried out were promptly reported to the AGCM in a report prepared by the Italian Banking Association, to which UBI Banca adhered. As already reported, UBI Banca appealed against the provision of 15 May 2017 before the administrative courts, disputing the entire basis of the existence of an agreement to restrict competition. A date has not yet been set at present for the hearing to debate the case before the TAR (regional administrative tribunal) of Lazio;*
- *on 19 June 2019 the AGCM launched an investigation regarding the Issuer for alleged unfair market practices relating to the sale of certain insurance policies offered or marketed by the Issuer linked to credit agreement for consumers relating to residential*

immovable property and the simultaneous request for information and the production of documents. On 2 August 2019 the AGCM extended the proceedings to the opening of current accounts linked to the aforementioned credit contracts and requested information and documents in relation to this. On 3 October 2019 the AGCM informed about its intention to go forward for the purpose of ascertaining the existence of a possible violation. The conclusion of the proceedings is currently scheduled to take place on 24 December 2019."

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On page 236 of the Base Prospectus, the sub-paragraph headed "*Significant litigation (claims of greater than or equal to €5 million) for which the probable risk has been estimated by Group banks and companies are as follows*" under paragraph headed "*Recent Developments*" is deleted and replaced with the following:

"Significant litigation (claims of greater than or equal to €5 million) for which the probable risk has been estimated by Group banks and companies are as follows:

Significant litigation (claims of greater than or equal to €5 million) for which the probable risk has been estimated by Group companies are as follows:

- 1. an action brought against UBI Banca (former Banca Popolare di Ancona) disputing various matters concerning loan transactions and damages for contractual and non-contractual liability;*
- 2. an action with a party transferring receivables brought against UBI Factor relating to a request for the transfer of receivables carried out in 2006 to be ineffective or unenforceable due to the absence of advances or the non-existence of a connection between the advances made and the documents relating to the transfer of the receivables. A consequent request for the return of the amounts collected against the receivables transferred and revocation of the payments made by the transferor from April 2011.*

The dispute was settled in April 2019 under a wider settlement agreement with the transferor, which provided for the abandonment of the case;

- 3. a claim for damages against UBI Leasing, brought by a client company, for alleged contract breaches by UBI Leasing itself, along with erroneous reports to the Centrale Rischi (central credit register). The claim was postponed until 17 March 2020 for analysis of the appraisal results, carried out by a court appointed expert;*
- 4. an action before the Lazio Regional Administrative Court (Tribunale Amministrativo Regionale del Lazio) for the purpose of rejecting the request for repayment of amounts paid by way of contribution by a public body (Gestore Servizi Energetici – GSE) to UBI Leasing on the basis of a transfer of credit by the leasing user that was returned to the client upon verification of the correct payment of the lease instalments."*

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GENERAL INFORMATION

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) the consolidated interim financial report of UBI Banca as at and for the half year ended 30 June 2019 (reviewed by the auditors) ;*
- (viii) the press release dated 8 November 2019 regarding the Issuer’s consolidated results as at 30 September 2019;*
- (ix) the press release dated 25 September 2019 regarding the TLTRO2 partial reimbursement;*
- (x) the press release dated 30 July 2019 regarding Moody’s’ rating of UBI Banca and the outlook on the senior unsecured debt ratings;*
- (xi) the press release dated 22 July 2019 regarding the UBI Banca disposal of bad loans;*
- (xii) each Final Terms; and*
- (xiii) 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.”.*

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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 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.