

SUPPLEMENT DATED 9 JANUARY 2019
TO THE BASE PROSPECTUS DATED 30 JULY 2018



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 30 July 2018, as supplemented on 9 August 2018 and on 27 September 2018 (the “**Base 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 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 Issuer’s consolidated interim financial report as at and for the nine months ended 30 September 2018, (b) the press release dated 26 November 2018 regarding the confirmation of the Issuer’s ratings from DBRS, (c) the press release dated 30 November 2018 regarding the confirmation of the Issuer’s ratings and outlook from Fitch, and (d) the press release dated 14 December 2018 regarding the upgrade of the Issuer’s deposit ratings from DBRS; and (ii) update the following sections of the Prospectus: (a) “*Documents incorporated by reference*”, (b) “*Taxation*” and (c) “*General Information*”.

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DOCUMENTS INCORPORATED BY REFERENCE

The information set out below supplements the first two paragraphs of the section headed “*Documents incorporated by reference*” on page 73 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 14 December 2018 regarding the upgrade of the Issuer’s deposit ratings from DBRS;*

http://www.ubibanca.it/contenuti/file/2018%2012%2014_Comunicato%20stampa_Press%20releases_UBI%20Banca_DBRS%20rating_def1.pdf;

- (b) *the press release dated 30 November 2018 regarding the confirmation of the Issuer’s ratings and outlook from Fitch;*

http://www.ubibanca.it/contenuti/file/2018%2011%2030_Comunicato%20stampa_Press%20releases_UBI%20Banca_Fitch1.pdf;

- (c) *the press release dated 26 November 2018 regarding the confirmation of the Issuer’s ratings from DBRS;*

http://www.ubibanca.it/contenuti/file/2018%2011%2026_Comunicato%20stampa_Press%20releases_UBI%20Banca_DBRS%20rating1.pdf;

- (d) *the consolidated interim financial report of the Issuer as at and for the nine months ended 30 September 2018;*

<http://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca%20Group%20Interim%20financial%20report%20as%20at%2030%20September%202018.pdf>

- (e) *the consolidated interim financial report of the Issuer as at and for the half year ended 30th June 2018 (condensed interim consolidated financial statements reviewed by auditors);*

<https://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca%20Interim%20Financial%20Report%20as%20at%2030th%20June%202018.pdf>;

- (f) *the press release dated 3 August 2018 regarding the Issuer’s consolidated results as at 30 June 2018;*

<http://www.ubibanca.it/contenuti/file/UBI%20Banca%20-%20Press%20Release%203%20Aug%202018.pdf> ;

- (g) *the audited consolidated financial statements of UBI Banca as at and for the financial year ended 31 December 2016, together with the audit report thereon;*

http://www.ubibanca.it/contenuti/RigAlle/2016_Consolidated%20Report%20of%20UBI%20Banca%20Group_FINAL%20version.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;

- (i) *the unaudited consolidated quarterly financial statements of UBI Banca as at and for the three months ended 31 March 2018;*

http://www.ubibanca.it/contenuti/RigAlle/UBI%20Banca_Cons%20Interim%20Financial%20Report_31st%20March%202018.pdf;

and

- (j) *the Terms and Conditions set out in the base prospectus dated 27 July 2017 relating to the Programme;*

http://www.ubibanca.it/contenuti/RigAlle/UBI%20EMTN_2017%20Update_Prospectus_FINAL.pdf.

Items (a) to (j) above are contained in the consolidated interim financial report of the Issuer as at and for the nine months ended 30 September 2018, the press release dated 26 November 2018 regarding the confirmation of the Issuer's ratings from DBRS; the press release dated 30 November 2018 regarding the confirmation of the Issuer's ratings and outlook from Fitch, the press release dated 14 December 2018 regarding the upgrade of the Issuer's deposit ratings from DBRS, the UBI Banca Interim Financial Report as at 30 June 2018, the press release dated 3 August 2018 regarding the consolidated results of the Issuer as at 30 June 2018, the UBI Banca Report and Accounts 2016, the UBI Banca Report and Accounts 2017, the UBI Banca Quarterly Financial Report at 31 March 2018 and the base prospectus dated 27 July 2017 relating to the Programme, respectively, at the pages set out in the cross reference tables below."

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On page 76 of the Base Prospectus, the following tables are included after the table headed " *UBI Banca Interim Financial Report as at 30 June 2018*":

Consolidated interim financial report of the Issuer as at and for the nine months ended on 30 September 2018

Consolidated financial statements of the Issuer

Consolidated Balance Sheet	Pages	94–95
Consolidated Income Statement	Page	96
Consolidated Statement of Comprehensive Income	Page	97
Statement of Changes in Consolidated Equity	Pages	98–99
Consolidated Statement of Cash Flows	Page	100
Explanatory Notes	Pages	101–104

Press releases

Press release dated 26 November 2018 regarding the confirmation of the Issuer's ratings from DBRS *English paragraph of the document*

Press release dated 30 November 2018 regarding the confirmation of the Issuer's ratings and outlook from Fitch *English paragraph of the document*

Press release dated 14 December 2018 regarding the upgrade of the Issuer's deposit ratings from DBRS *English paragraph of the document*

Any other information not listed above but contained in the consolidated interim financial report of the Issuer as at and for the nine months ended 30 September 2018, the press release dated 26 November 2018 regarding the confirmation of the Issuer's ratings from DBRS, the press release dated 30 November 2018 regarding the confirmation of the Issuer's ratings and outlook from Fitch and the press release dated 14 December 2018 regarding the upgrade of the Issuer's deposit ratings from DBRS is not incorporated by reference and is either not relevant for the investor or is covered elsewhere in the Base Prospectus.

TAXATION

On page 168 of the Base Prospectus, the third sub-paragraph of the paragraph headed "*Italian Resident Noteholders*" is deleted and replaced with the following:

"Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the imposta sostitutiva, on Interest relating to the Notes if the Notes are included in a long-term savings account (piano individuale di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of Law No. 232 of 11 December 2016 (the "Finance Act 2017") and in Article 1(211-215) of Law No. 175 of 30 December 2018 (the "Finance Act 2019")."

On page 169 of the Base Prospectus, the seventh sub-paragraph of the paragraph headed "*Italian Resident Noteholders*" is deleted and replaced with the following:

"Where an Italian resident Noteholders is a pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) and the Notes are deposited with an authorised intermediary, Interest relating to the Notes and accrued during the holding period will not be subject to imposta sostitutiva, but must be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, interest, premium and other income relating to the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1 (100-114) of Finance Act 2017 and in Article 1 (211-215) of Finance Act 2019."

On page 171 of the Base Prospectus, the fourth sub-paragraph of the paragraph headed "*Tax treatment of Notes qualifying as atypical securities (titoli atipici)*" is deleted and replaced with the following:

"Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not acting in connection with an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from any income taxation, including the 26 withholding tax, on interest relating to the Notes qualifying as atypical securities if such Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of the Finance Act 2017 and in Article 1(211-215) of Finance Act 2019."

On page 171 of the Base Prospectus, the paragraph headed "*Capital gains tax*" is deleted and replaced with the following:

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

connected) or Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

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

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

Under the tax declaration regime (*regime della dichiarazione*), which is the default regime for Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* on capital gains will be chargeable, on a cumulative basis, on all capital gains (net of any incurred capital loss) realised by the Italian resident individual Noteholders holding the Notes. In this instance, "capital gains" means any capital gain not connected with an entrepreneurial activity pursuant to all sales or redemptions of the Notes carried out during any given tax year. Italian resident individuals holding the Notes not in connection with an entrepreneurial activity must indicate the overall capital gains realised in any tax year, net of any relevant incurred capital loss, in the annual tax return and pay the *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years. As an alternative to the tax declaration regime, Italian resident individual Noteholders holding the Notes not in connection with an entrepreneurial activity, resident partnerships not carrying out commercial activities and Italian private or public institutions not carrying out mainly or exclusively commercial activities may elect to pay the *imposta sostitutiva* separately on capital gains realised on each sale or redemption of the Notes (the *risparmio amministrato regime*). Such separate taxation of capital gains is allowed subject to:

- (i) the Notes being deposited with Italian banks, SIMs or certain authorised financial intermediaries; and
- (ii) an express election for the *risparmio amministrato regime* being timely made in writing by the relevant Noteholder.

The depository must account for the *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised upon the revocation of its mandate), net of any incurred capital loss. The depository must also pay the relevant amount to the Italian tax authorities on behalf of the taxpayer, deducting a corresponding amount from the proceeds to be credited to the Noteholders or using funds provided by the Noteholders for this purpose. Under the *risparmio amministrato regime*, any possible capital loss resulting from a sale or redemption or certain other transfer of the Notes may be deducted from capital gains subsequently realized, within the same securities management, in the same tax year or in the following tax years up to the fourth. Under the *risparmio amministrato regime*, the Noteholders are not required to declare the capital gains in the annual tax return.

In the "*risparmio gestito*" regime, any capital gains realised by Italian resident individuals holding the Notes not in connection with an entrepreneurial activity, resident partnerships not carrying out commercial activities and Italian private or public institutions not carrying out mainly or exclusively commercial activities who have entrusted the management of their financial assets (including the Notes) to an authorised intermediary, will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to a 26 per cent. substitute tax, to be paid by the managing authorised intermediary. Any depreciation of the managed assets accrued at the year-end may be carried forward against increase in value of the managed assets

accrued in any of the four succeeding tax years. The Noteholders are not required to declare the capital gains realised in the annual tax return.

Subject to certain limitations and requirements (including a minimum holding period), Italian resident individuals not engaged in an entrepreneurial activity or social security entities pursuant to Legislative Decree No. 509 of 30 June 1994 and Legislative Decree No. 103 of 10 February 1996 may be exempt from Italian capital gain taxes, including the imposta sostitutiva, on capital gains realised upon sale or redemption of the Notes if the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Finance Act 2019.

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

Any capital gains realised by a Noteholder who is an Italian pension fund (subject to the regime provided for by article 17 of the Italian Legislative Decree No. 252 of 5 December 2005) will be included in the result of the relevant portfolio accrued at the end of the tax period, to be subject to a 20 per cent. substitute tax. Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Notes may be excluded from the taxable base of the 20 per cent. substitute tax if the Notes are included in a long-term savings account (piano di risparmio a lungo termine) that meets the requirements set forth in Article 1(100-114) of Finance Act 2017 and in Article 1(211-215) of Finance Act 2019.

Real Estate Funds are not subject to any substitute tax at the fund level nor to any other income tax in the hands of the Real Estate Fund. However, a withholding tax of 26 per cent. will apply, in certain circumstances, to distributions made in favour of unitholders/shareholders of the Real Estate Fund.

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

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

- (a) resident in a State included in the White List; or*
- (b) an international entity or body set up in accordance with international agreements which have entered into force in Italy;*
- (c) a Central Bank or an entity which manages, inter alia, the official reserves of a foreign State; or*
- (d) an "institutional investor", whether or not subject to tax, which is established in a State included in the White List.*

If none of the conditions above is met, capital gains realised by non-Italian resident Noteholders, without a permanent establishment in Italy to which the Notes are effectively connected, from the sale or redemption of Notes issued by an Italian resident issuer and not traded on regulated markets are subject to the imposta sostitutiva at the current rate of 26 per cent. However, Noteholders may benefit

from an applicable tax treaty with Italy providing that capital gains realised upon the sale or redemption of the Notes are to be taxed only in the resident tax country of the recipient.”.

On page 175 of the Base Prospectus, the paragraph headed “*Foreign Account Tax Compliance Act*” is deleted and replaced with the following:

*“Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a **foreign financial institution** (as defined by FATCA) may be required to withhold on certain payments it makes (**foreign passthru payments**) to persons that fail to meet certain certification, reporting or related requirements. The issuer is a foreign financial institution for these purposes. A number of jurisdictions (including the Republic of Italy) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA (IGAs), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as Notes, Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are published generally would be grandfathered for purposes of FATCA withholding unless materially modified after such date (including by reason of a substitution of the issuer). However, if additional Notes (as described under “Terms and Conditions—Further Issues”) that are not distinguishable from previously issued Notes are issued after the expiration of the grandfathering period and are subject to withholding under FATCA, then withholding agents may treat all Notes, including the Notes offered prior to the expiration of the grandfathering period, as subject to withholding under FATCA. Holders should consult their own tax advisers regarding how these rules may apply to their investment in Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.”.*

GENERAL INFORMATION

On page 200 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 September 2018 and no material adverse change in the prospects of UBI Banca since 31 December 2017.”

On page 200 of the Base Prospectus, paragraph (4) is deleted and replaced with the following:

“(4) Except as disclosed in this Base Prospectus under the paragraph headed “Significant Legal Proceedings” within the section headed “UBI Banca and the UBI Banca Group” and in the UBI Banca Report and Accounts 2016, the UBI Banca Report and Accounts 2017, the UBI Banca Quarterly Financial Report at 31 March 2018, the UBI Banca Interim Financial Report as at 30 June 2018 and the consolidated interim financial report of the Issuer as at and for the nine months ended 30 September 2018, neither UBI Banca nor any of its subsidiaries is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which UBI Banca is aware) during the 12 months preceding the date of this Base Prospectus which, according to the information currently available, may have, or have had in the recent past, significant effects on the financial position or profitability of UBI Banca or the UBI Banca Group.”

On pages 200–201 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;*
- (iii) the by-laws (Statuto) of UBI Banca with certified English translation;*
- (iv) the audited consolidated financial statements of UBI Banca for the financial years ended 31 December 2016 and 31 December 2017;*
- (v) the unaudited quarterly consolidated financial statements of UBI Banca for the three months ended 31 March 2018;*
- (vi) the press release dated 3 August 2018 regarding the Issuer’s consolidated results as at 30 June 2018;*
- (vii) the consolidated interim financial report of the Issuer as at and for the half year ended 30 June 2018 (condensed interim consolidated financial statements reviewed by auditors);*
- (viii) the consolidated interim financial report of the Issuer as at and for the nine months ended 30 September 2018;*

(ix) *each Final Terms; and*

(x) *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.