



**Unione di Banche Italiane S.c.p.a.**

*(Incorporated as a joint stock co-operative society in the Republic of Italy under registered number 03053920165 in the Bergamo Company Register)*

**Euro 15,000,000,000 Debt Issuance Programme**

This Supplement (the **Supplement**) to the Prospectus dated 17 September 2008 (the **Prospectus**), as previously supplemented by a supplement dated 30 January 2009, which together comprise a base prospectus under Article 5.4 of Directive 2003/71/EC (the **Prospectus Directive**), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the **FSMA**) and is prepared in connection with the Euro 15,000,000,000 Debt Issuance Programme (the **Programme**) of Unione di Banche Italiane S.c.p.a. (the **Issuer** or **UBI Banca**).

The Supplement is supplemental to, and shall be read in conjunction with, the Prospectus and any other supplements to the Prospectus issued by the Issuer. Terms defined in the Prospectus have the same meaning when used in this Supplement.

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 disclose information on the consolidated financial results of the Issuer for the year ended 31 December 2008.

Copies of the Prospectus, this Supplement and of documents containing information incorporated by reference in the Prospectus may be obtained from the registered office of the Issuer and the Issuer's website (<http://www.ubibanca.it>). To the extent that there is any inconsistency between (a) any statement in this Supplement or any statement incorporated by reference into the Prospectus by this Supplement and (b) any other statement in, or incorporated by reference into, the Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus since the publication of the Prospectus. An investor should be aware of its rights arising pursuant to Section 87Q(4) of the FSMA.

If documents which are incorporated by reference or attached to this Supplement themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference or attached to this Supplement.

## SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The merger by incorporation (the **Merger**) of Banca Lombarda e Piemontese S.p.A. (**Banca Lombarda**) into Banche Popolari Unite S.c.p.a. (**BPU**) became effective on 1 April 2007 and, with effect from that date, BPU changed its name to Unione di Banche Italiane S.c.p.a.

The following tables present balance sheet and income statement information derived from:

- the consolidated annual financial statements as at and for the year ended 31 December 2008 which include the full year accounts for the UBI Banca Group; and
- the consolidated annual financial statements as at and for the year ended 31 December 2007 which include the full year accounts for the former BPU and the accounts for the last three quarters of 2007 (since the date the merger was effective) for the former Banca Lombarda, restated to take account of the different classification of an institutional counterparty and emoluments of the Statutory Board of Auditors.

As a result of the Merger, the consolidated financial information as at and for the year ended 31 December 2007 set out in the tables below is not directly comparable to the consolidated financial information as at and for the year ended 31 December 2008. Pro-forma consolidated financial information as at and for the year ended 31 December 2007, which seeks to reflect the effects of the Merger, is set out at pages 49-52 (inclusive) of the Prospectus.

The consolidated annual financial information referred to above has been derived from the 2008 audited consolidated financial statements of the UBI Banca Group, prepared in accordance with International Financial Reporting Standards, as adopted by the European Union and as implemented under the Bank of Italy's instructions contained in Circular No. 262 of 22 December 2005 and related transitional regulations in Italy (**IFRS**). All figures are in thousand euro unless otherwise stated.

## CONSOLIDATED ANNUAL BALANCE SHEETS

<b>ASSET ITEMS</b>	<b>31 December 2008</b>	<b>31 December 2007*</b>
Cash and cash equivalents	793,657	643,128
Financial assets held for trading	2,326,654	3,811,580
Financial assets at fair value	460,157	1,333,586
Available-for-sale financial assets	4,351,838	5,729,003
Held-to-maturity financial assets	1,630,844	1,254,520
Loans to banks	3,053,704	3,695,284
Loans to customers	96,368,452	92,941,317
Hedging derivatives	792,398	261,479
Fair value change in hedged financial assets	335,417	(7,685)
Equity investments	246,099	183,448
Technical reserves of reinsurers	88,362	253,301
Property, plant and equipment	2,170,867	2,178,566
Intangible assets	5,531,633	5,621,122
of which:		
<i>Goodwill</i>	4,338,486	4,357,381
Tax assets:	1,512,530	1,204,069
a) current	746,975	726,794
b) deferred	765,555	477,275
Non current assets and disposal groups held for sale	18,931	13,205
Other assets	2,274,142	2,375,643
<b>Total assets</b>	<b>121,955,685</b>	<b>121,491,566</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Due to banks	3,980,922	7,736,405
Due to customers	54,150,681	50,164,004
Securities issued	43,440,556	40,817,869
Financial liabilities held for trading	799,254	865,207
Financial liabilities at fair value	-	
Hedging derivatives	635,129	351,723
Fair value change of hedged financial liabilities	-	
Tax liabilities:	1,514,050	1,776,140
a) current	744,869	689,036
b) deferred	769,181	1,087,104
Liabilities associated with disposal groups held for sale	4,412	-
Other liabilities	4,030,238	3,499,989
Staff severance provisions	433,094	469,879
Provisions for liabilities and charges:	295,429	321,730
a) pension and similar obligations	81,285	84,139
b) other provisions	214,144	237,591
Technical reserves	408,076	2,590,644
Valuation reserves	(70,296)	37,485
Reserves	2,443,259	2,195,597
Share premiums	7,100,378	7,100,378
Share capital	1,597,865	1,597,865
Own shares		
Minority interests	1,123,637	1,085,839
Profit for the year	69,001	880,812
<b>Total liabilities and shareholders' equity</b>	<b>121,955,685</b>	<b>121,491,566</b>

\* Restated to take account of a different classification of an institutional counterparty from, on the asset side, "Loans to banks" to "Loans to customers" and on the liabilities side, from "Due to banks" to "Due to customers"

## CONSOLIDATED ANNUAL INCOME STATEMENTS

	31 December 2008	31 December 2007*
Interest and similar income	6,190,249	5,255,442
Interest expense and similar	(3,193,905)	(2,683,449)
<b>Net interest income</b>	<b>2,996,344</b>	<b>2,571,993</b>
Commission income	1,387,721	1,422,798
Commission expense	(199,446)	(207,179)
<b>Net commission income</b>	<b>1,188,275</b>	<b>1,215,619</b>
Dividends and similar income	71,204	83,249
Net profit (loss) from trading <sup>1</sup>	(142,274)	30,232
Net profit (loss) from hedging activity	(18,459)	4,541
Profit (loss) on disposal or repurchase of:	29,452	46,953
a) loans	(8,147)	(140)
b) available-for-sale financial assets	30,046	40,342
c) held-to-maturity financial assets	-	-
d) financial liabilities	7,553	6,751
Net profit (loss) on financial assets and liabilities at fair value <sup>2</sup>	(118,035)	1,607
<b>Gross income</b>	<b>4,006,507</b>	<b>3,954,194</b>
Net impairment losses on:	(1,069,718)	(356,512)
a) loans <sup>3</sup>	(559,168)	(328,015)
b) available-for-sale financial assets <sup>4</sup>	(516,917)	(20,046)
c) held-to-maturity financial assets	-	-
d) other financial transactions	6,367	(8,451)
<b>Net financial operating income</b>	<b>2,936,789</b>	<b>3,597,682</b>
Net insurance premiums	189,040	402,298
Other net profit (loss) of insurance operations	(191,426)	(421,586)
<b>Net income from financial and insurance operations</b>	<b>2,934,403</b>	<b>3,578,394</b>
Administrative expenses	(2,581,014)	(2,489,011)
a) staff costs	(1,631,974)	(1,604,383)
b) other administrative expenses	(949,040)	(884,628)
Net provisions for liabilities and charges	(34,489)	(29,968)
Net impairment losses on property, plant and equipment	(123,567)	(124,118)
Net impairment losses on intangible assets	(151,045)	(107,878)
Other operating income/(expense)	226,884	269,006
<b>Operating costs</b>	<b>(2,663,231)</b>	<b>(2,481,969)</b>
Profits (losses) of equity investments	2,050	15,248
Net profit (loss) on fair valuation of tangible and intangible assets	-	-
Net impairment losses on goodwill	-	-
Profits (losses) on disposal of investments <sup>5</sup>	82,953	22,085

\* Restated to take account of a different classification of the emoluments to the Statutory Board of Auditors, from "other administrative expenses" to "staff costs"

<sup>1</sup> Includes in 2008 adjustments on hedge funds held for trading totalling -€87.3 million (which, in turn, include -€58.2 million of write offs on Madoff exposure), and a further amount of -€10.9 million resulting from write downs of Lehman Brothers securities. It should be noted that UBI Banca did not take advantage of the option to reclassify financial assets held for trading within available-for-sale financial assets as permitted by the revision of IAS 39: the amounts are therefore up-to-date as at 31 December 2008

<sup>2</sup> Relates entirely to the valuation at fair value of hedge funds classified amongst financial assets at fair value

<sup>3</sup> The increase in 2008 is primarily the result of prudential write downs in consideration of the deterioration in the economic situation, which intensified in the last months of the year. The overall ratio of net impairment losses to loans to customers rose in 2008 to 0.59% (0.37% in 2007)

<sup>4</sup> In view of the strong and continuing fall in share prices, in compliance with IAS 39, the UBI Banca Group recognised the reductions in the value of shares classified as available-for-sale in the income statement on a mark-to-market basis as required by IAS 39. This resulted in 2008 in net impairment losses on available for sale financial assets totalling -€516.9 million (-€20.1 million in 2007), including -€459.6 million in respect of an interest held in Intesa Sanpaolo S.p.A., -€24.6 million in respect of an interest in the London Stock Exchange plc and -€19.7 million euro in respect of an interest in the company A2A.

<sup>5</sup> The amount includes in 2008 €55.9 million from the gain on the sale of an interest in the asset management company UBI Pramerica SGR S.p.A. to Prudential Inc., USA and €22.9 million from the gain on the sale of 50% of the share capital plus one share of UBI Assicurazioni Vita S.p.A. to Aviva S.p.A. The amount of €22.4 million recognised in 2007 included a gain of €20.7 million on the disposals performed for the listing of the IW Bank S.p.A. shares

<b>Profit (loss) on continuing operations before tax</b>	<b>356,175</b>	<b>1,133,758</b>
Taxes on income for the period for continuing operations	(192,861)	(460,673)
<b>After tax profit (loss) on continuing operations</b>	<b>163,314</b>	<b>673,085</b>
Profit (loss) after tax of discontinued operations	(15,727)	308,547
<b>Profit for the year</b>	<b>147,587</b>	<b>981,632</b>
Profit attributable to minority interests	(78,586)	(100,820)
<b>Profit (loss) for the year attributable to the parent bank</b>	<b>69,001</b>	<b>880,812</b>

## CAPITAL RATIOS AND CAPITAL MANAGEMENT INITIATIVES

### Capital ratios

The capital ratios of the UBI Banca Group as at 31 December 2008, according to the Standardised Basel 2 approach, were as follows: Core Tier 1 ratio of 7.09%, Tier 1 ratio of 7.73% and a total capital ratio of 11.08% (7.02%, 7.59% and 10.33%, respectively, as at 30 June 2008).

As a result of sound capital ratios and the policy of allocating to reserves pursued by the UBI Banca Group, which is also aimed at stabilising dividends, the Management Board has decided to propose a dividend of €0.45 per share in respect of the 639,145,902 ordinary shares outstanding which will be drawn, after legal and by-law allocations, on the profits of the Issuer and on the extraordinary reserves. The proposal will be considered by shareholders at the meeting to be held at first call on 29 April 2009 and at second call on 9 May 2009.

### Proposed issues of share warrants and convertible bonds

With a view to maintaining, strengthening and improving the capital of the UBI Banca Group through the implementation of medium term capital management initiatives, the Management Board and the Supervisory Board of the Issuer have decided to submit a proposal to the shareholders' meeting of two initial measures. These are designed to increase loyalty in the shareholder base and to guarantee, in the medium term, the continued capital strength and liquidity of the UBI Banca Group and which are deemed necessary if the UBI Banca Group is to maintain its traditional closeness to the local communities and economies it serves, especially in light of the need to support businesses in the current difficult market situation.

A proposal will therefore be put to the Issuer's general meeting to issue free of charge to shareholders one warrant for every share held on the ex-dividend date. After two years from issue, one UBI Banca share may be subscribed for every 20 warrants held, at a price to be decided by the shareholders' meeting. The warrants will be listed and freely transferable.

Furthermore, following an analysis of the many opportunities offered by the market, the Issuer has decided to submit a proposal to shareholders to authorise the Management Board to issue convertible bonds up to a maximum of €640 million, with a maturity of four years, reserved to shareholders. These bonds will be listed and freely transferable. They will be convertible at the discretion of the bondholder prior to maturity at a predetermined price. The convertible bonds will constitute for the UBI Banca Group a source of funding with a fixed coupon and, if converted, will strengthen the capital base up to a maximum of €640 million (inclusive of the nominal value and the issue premium) in the medium term. The Issuer may seek to convert the bonds before the maturity date, at the lower of the predetermined conversion price and the market price, paying a premium to bondholders. At maturity, at the discretion of the Issuer, the convertible bonds may either be redeemed in cash or converted into shares of the Issuer on the basis of the stock exchange price of the underlying share in the Issuer and, in any event, at a value not lower than the nominal value of the bond.

The transactions described above are subject to authorisation by the competent authorities and will be accompanied by the completion of the drafting, currently in progress, of the UBI Banca Group's Ethical Principles and the determination of remuneration policies for senior management.

### Proposed exchange offer

The Supervisory Board and the Management Board of the Issuer have also approved, in the context of the Issuer's capital management plan, a proposed public exchange offer (the **Proposed Exchange Offer**) in respect of certain series of preferred securities and Lower Tier II notes issued by BPU, Banca Lombarda and other entities within the UBI Banca Group.

Subject to market conditions, UBI Banca proposes to invite holders to exchange an aggregate amount of €570 million of outstanding preferred securities issued by UBI Banca Group entities and €1 billion in respect of the €1,550 million relating to five issues of Lower Tier II notes currently outstanding in return for senior debt securities which will be issued under the Programme. UBI Banca intends to exercise its call option in relation to the €250,000,000 Subordinated Step-Up Callable Floating Rate Notes due 2014, which have a call date of 30 June 2009, but holders of these notes will also have the option to participate in the Proposed Exchange Offer.. It is intended that any gain resulting from the difference between the nominal value of the securities and their repurchase price will go towards strengthening UBI Banca's core Tier 1 capital. The Proposed Exchange Offer is conditional upon the aggregate principal amount of securities offered for exchange being not less than €100 million.

The Proposed Exchange Offer will be subject to authorisation from the Bank of Italy and the Italian Securities and Exchange Commission (CONSOB) and will be carried out subject to all applicable regulations and restrictions in relevant jurisdictions.