

INFORMATION MEMORANDUM



INTESA BANK IRELAND p.l.c.

(incorporated with limited liability in Ireland under registered number 217741)

as Issuer of ECP Notes

and

INTESA FUNDING LLC

(a Delaware limited liability company)

as Issuer of USCP Notes

and

BANCA INTESA S.p.A.

(incorporated as a società per azioni in the Republic of Italy)

as Guarantor

U.S.\$7,000,000,000

Global Commercial Paper Programme

Arranger

Citibank International plc

ECP Dealers

Caboto SIM S.p.A.
Citibank International plc
Crédit Agricole Indosuez
Deutsche Bank
Goldman Sachs International
Intesa Bank Ireland p.l.c.

USCP Dealers

Banc of America Securities LLC
Citigroup Global Markets Inc.
J.P. Morgan Securities Inc.
Lehman Brothers Inc.
Merrill Lynch Money Markets Inc.
Morgan Stanley & Co. Incorporated

12th November, 2003

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IMPORTANT NOTICE

This Information Memorandum contains summary information provided by Intesa Bank Ireland p.l.c. (the **ECP Issuer**), Intesa Funding LLC (the **USCP Issuer** and, together with the ECP Issuer, the **Issuers**) and Banca Intesa S.p.A. (the **Guarantor**) in connection with (A) a euro-commercial paper programme (the **ECP Programme**) under which the ECP Issuer may issue and have outstanding at any time short-term promissory notes (the **ECP Notes**) and (B) a U.S. commercial paper program (the **USCP Programme** and, together with the ECP Programme, the **Programme**) under which the USCP Issuer may issue and have outstanding at any time short-term promissory notes (the **USCP Notes** and, together with the ECP Notes, the **Notes**), in each case up to a maximum combined aggregate amount of U.S.\$7,000,000,000 or its equivalent in alternative currencies. The ECP Notes will be in the form of euro-commercial paper and the USCP Notes will be in the form of U.S. commercial paper. The Notes will be guaranteed (the **Guarantee**) by the Guarantor. The ECP Issuer has appointed Caboto SIM S.p.A., Citibank International plc, Crédit Agricole Indosuez, Deutsche Bank AG London, Goldman Sachs International and itself as dealers for the ECP Notes (the **ECP Dealers**) under the ECP Programme and the USCP Issuer has appointed Banc of America Securities LLC, Citigroup Global Markets Inc., J.P. Morgan Securities Inc., Lehman Brothers Inc., Merrill Lynch Money Markets Inc. and Morgan Stanley & Co. Incorporated as dealers for the USCP Notes (the **USCP Dealers** and, together with the ECP Dealers, the **Dealers**) under the USCP Programme and has authorised and requested the Dealers to circulate this Information Memorandum in connection therewith.

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**). SUBJECT TO CERTAIN EXCEPTIONS, ECP NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S). THE USCP NOTES ARE BEING OFFERED OR SOLD IN RELIANCE ON THE EXEMPTION CONTAINED IN SECTION 3(a)(3) OF THE SECURITIES ACT.

Each of the Issuers has confirmed to the Dealers that this Information Memorandum, together with the information incorporated by reference herein (together, the **Disclosure Documents**), contains all information with regard to each such Issuer, respectively, and the Notes which is material in the context of the Programme and the issue and offering of the Notes thereunder, and that such information does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

This Information Memorandum is not intended to provide the basis of any credit, taxation or other evaluation and should not be considered as a recommendation by the Issuers, or either of them, or any of the Dealers that any recipient of this Information Memorandum purchase any Notes. Each recipient contemplating purchasing any Notes must make and shall be deemed to have made its own independent assessment and investigation of the financial condition and affairs and creditworthiness of each of the USCP Issuer and the ECP Issuer as it may deem necessary and must base any investment decision upon such independent assessment and investigation and not on this Information Memorandum.

The Dealers have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers as to the accuracy or completeness at any time of any of the Disclosure Documents. No person has been authorised by the Issuers, the Guarantor or the Dealers to give any information or to make any representation not contained in the Disclosure Documents, and, if given or made, such information or representation must not be relied upon as having been authorised.

None of the USCP Issuer, the ECP Issuer, the Guarantor or the Dealers accepts any responsibility, express or implied, for updating any of the Disclosure Documents and neither the delivery of any of the Disclosure Documents nor the offering, sale or delivery of any Notes shall, in any circumstances, create any implication that the information contained therein is true subsequent to the date thereof or the date upon which any of the Disclosure Documents has been most recently amended or supplemented or that there has been no material adverse change in the financial situation of either of the Issuers and/or the Guarantor since the date hereof or, as the case may be, the date upon which any of the other Disclosure Documents has been

most recently amended or supplemented or that any other information supplied in connection with the Programme is correct, complete or up-to-date at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

This Information Memorandum does not, and is not intended to, constitute or contain an offer or invitation to any person to purchase Notes. The distribution of this Information Memorandum and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum or any Notes come are required by the Issuers, the Guarantor and the Dealers to inform themselves about and to observe any such restrictions. In particular, such persons are required to comply with the restrictions on offers or sales of ECP Notes and on distribution of this Information Memorandum and other information in relation to the ECP Notes set out under "Selling Restrictions Applicable to ECP Notes" below. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Information Memorandum nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

None of the USCP Issuer, the ECP Issuer or any of the Dealers makes any comment about the treatment for taxation purposes of payments or receipts in respect of the Notes. Each investor contemplating acquiring Notes under the Programme described herein is advised to consult a professional adviser in connection therewith.

In this Information Memorandum, references to **Dollars**, **U.S. Dollars** and **U.S.\$** are to the lawful currency of the United States of America, references to **euro** and **€** are to the single currency of participating member states of the European Union, as contemplated by the Treaty on European Union, and references to **Sterling** and **£** are to the lawful currency of the United Kingdom.

The ECP Programme and the USCP Programme are rated by Moody's Investors Service Limited, Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. and Fitch Ratings Ltd. Notes issued under the ECP Programme or the USCP Programme will be rated. Where an issue of ECP Notes or an issue of USCP Notes is rated, its rating will not necessarily be the same as the rating applicable to the ECP Programme or the USCP Programme respectively. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF THE STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Information Memorandum, and purchasers of any Notes shall be deemed to have notice thereof as if all such information were included in this Information Memorandum:

1. the most recently published audited unconsolidated annual financial statements and any unconsolidated interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Guarantor from time to time;
2. the most recently published audited consolidated annual financial statements and any consolidated interim financial statements (whether audited or unaudited) published subsequently to such annual financial statements of the Guarantor from time to time;
3. the most recently published unconsolidated annual financial statements and any unconsolidated interim financial statements (in each case, whether audited or unaudited) of each Issuer from time to time; and
4. all amendments and supplements to this Information Memorandum prepared by the Guarantor or any of the Issuers from time to time,

save that any statement contained in this Information Memorandum or in any of the documents incorporated by reference in, and forming part of, this Information Memorandum shall be deemed to be modified or superseded for the purposes of this Information Memorandum to the extent that a statement contained in any document subsequently incorporated by reference modifies or supersedes such statement.

Each of the Issuers and the Guarantor has undertaken that it will, at the specified offices of each of the ECP Agent and the USCP Agent, provide, free of charge, upon oral or written request, a copy of this Information Memorandum (or any document incorporated by reference in this Information Memorandum). Written or oral requests for such documents should be directed to the specified office of such Agents.

SUMMARY OF THE ECP PROGRAMME

| | |
|-------------------------------|---|
| ECP Issuer: | Intesa Bank Ireland p.l.c. |
| Guarantor: | Banca Intesa S.p.A. |
| Arranger: | Citibank International plc |
| ECP Dealers: | Caboto SIM S.p.A. Citibank International plc Crédit Agricole Indosuez Deutsche Bank AG London Goldman Sachs international Intesa Bank Ireland p.l.c. |
| ECP Agent: | Deutsche Bank AG London |
| Ratings: | <p>As at the date of this Information Memorandum the ECP Notes have been rated P-1 by Moody's Investors Service Limited, Inc., A-2 by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. and F-1 by Fitch Ratings Ltd.</p> <p>Ratings are not a recommendation to purchase, hold or sell ECP Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished to the rating agencies by the ECP Issuer and the Guarantor and information obtained by the rating agencies from other sources. The ratings are only accurate as of the date above and may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore, a prospective purchaser should verify the current ratings before purchasing ECP Notes.</p> |
| Programme Amount: | The sum of the aggregate principal amount of ECP Notes and the aggregate principal amount of USCP Notes outstanding at any time will not exceed U.S.\$7,000,000,000 or its equivalent in alternative currencies. The ECP Issuer and the USCP Issuer may increase the Programme Amount upon satisfaction of certain conditions precedent. |
| Currencies: | ECP Notes may be denominated in any currency, subject to compliance with any applicable legal and regulatory requirements. |
| Denominations: | Any denomination, subject to compliance with any applicable legal and regulatory requirements. The initial minimum denomination is €500,000 (or its equivalent in other currencies) or such other conventionally accepted denomination in other currencies as may be agreed between the ECP Issuer and the relevant ECP Dealer from time to time, subject in each case to compliance with all applicable legal and regulatory requirements. |
| Maturity of the Notes: | Not less than one nor more than 364 days, subject to compliance with any applicable legal and regulatory requirements. |
| Yield Basis: | The ECP Notes may be issued at a discount or may bear fixed or floating rate interest or a coupon calculated by reference to an index or formula. |
| Redemption: | The ECP Notes may be redeemed at par or at an amount calculated by reference to an index or formula. |
| Status of the Notes: | The ECP Notes will be direct, unconditional, unsubordinated and unsecured obligations of the ECP Issuer ranking at least equally with all |

other present and future unsecured and unsubordinated indebtedness of the ECP Issuer including any guarantees given by the ECP Issuer, other than obligations preferred by mandatory provisions of law.

Guarantee: The Guarantee will be a direct, unconditional, unsubordinated and unsecured indebtedness of the Guarantor ranking at least equally with all other present and future unsecured and unsubordinated indebtedness of the Guarantor including any other guarantees given by the Guarantor, other than obligations preferred by mandatory provisions of law.

Taxation: All payments under the ECP Notes or the Guarantee will be made without deduction or withholding for or on account of any present or future Irish and Italian withholding taxes, except as stated in the ECP Notes or the Guarantee. See "Taxation" for further information regarding Italian and Irish Taxation and "Form of Notes" and "Form of Guarantee" for further details of the exceptions to the Issuer's and the Guarantor's respective obligations to pay such additional amounts.

Forms and Delivery: The ECP Notes will be in bearer form.

Subject as provided below, each issue of ECP Notes will initially be represented by one or more ECP Global Notes which will be delivered through the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme, Luxembourg (**Clearstream, Luxembourg**) or any other recognised clearing system. ECP Global Notes will be exchangeable for Definitive ECP Notes only in the circumstances specified in the ECP Global Notes.

Listing: The ECP Notes will not be listed on any stock exchange.

Selling Restrictions: The offering and sale of the ECP Notes is subject to all applicable selling restrictions including, without limitation, those of the United States of America, the United Kingdom, Ireland and Italy. See "Selling Restrictions Applicable to ECP Notes".

Governing Law: The ECP Notes and the Guarantee will be governed by and construed in accordance with English law.

SUMMARY OF THE USCP PROGRAMME

| | |
|-------------------------------|--|
| USCP Issuer: | Intesa Funding LLC |
| Guarantor: | Banca Intesa S.p.A. |
| USCP Dealers: | Banc of America Securities LLC Citigroup Global Markets Inc. J.P. Morgan Securities Inc. Lehman Brothers Inc. Merrill Lynch Money Markets Inc. Morgan Stanley & Co. Incorporated |
| USCP Agent: | Deutsche Bank Trustee Company Americas |
| Ratings: | <p>As at the date of this Information Memorandum the USCP Notes have been rated P-1 by Moody's Investors Service Limited, Inc., A-2 by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. and F-1 by Fitch Ratings Ltd.</p> <p>Ratings are not a recommendation to purchase, hold or sell USCP Notes, inasmuch as the ratings do not comment as to market price or suitability for a particular investor. The ratings are based on current information furnished to the rating agencies by the USCP Issuer and the Guarantor and information obtained by the rating agencies from other sources. The ratings are only accurate as of the date above and may be changed, superseded or withdrawn as a result of changes in, or unavailability of, such information, and therefore a prospective purchaser should verify the current ratings before purchasing USCP Notes.</p> |
| Programme Amount: | The sum of the aggregate principal amount of USCP Notes and the aggregate principal amount of ECP Notes outstanding at any time will not exceed U.S.\$7,000,000,000 or its equivalent in alternative currencies. The USCP Issuer and the ECP Issuer may increase the Programme Amount upon satisfaction of certain conditions precedent. |
| Currencies: | USCP Notes will be issued in U.S. Dollars only. |
| Denomination: | The USCP Notes shall be in minimum denominations of \$250,000 or integral multiples of \$1,000 in excess thereof. |
| Maturity of the Notes: | Not less than one nor more than 270 days, subject to compliance with any applicable legal and regulatory requirements. |
| Yield Basis: | The USCP Notes may be issued at a discount or may bear fixed or floating rate interest. |
| Status of the Notes: | The USCP Notes will be direct, unconditional, unsubordinated and unsecured obligations of the USCP Issuer ranking at least equally with all other present and future unsecured and unsubordinated indebtedness of the USCP Issuer including any guarantees given by the USCP Issuer, other than obligations preferred by mandatory provisions of law. |
| Guarantee: | The Guarantee will be a direct, unconditional, unsubordinated and unsecured indebtedness of the Guarantor ranking at least equally with all other present and future unsecured and unsubordinated indebtedness of the Guarantor including any other guarantees given by the Guarantor, other than obligations preferred by mandatory provisions of law. |

- Taxation:** All payments under the USCP Notes or the Guarantee will be made without deduction or withholding for or on account of any present or future U.S. and Italian withholding taxes, unless such withholding or deduction is required by law. See "Taxation" for further information regarding Italian and United States Taxation and "Form of Guarantee" for further details of the exceptions to the Issuer's and the Guarantor's respective obligations to pay such additional amounts.
- Forms and Delivery:** The USCP Notes will be issued and purchases thereof will be recorded through the book-entry system of The Depository Trust Company (**DTC**). Beneficial owners will not receive certificates representing their ownership interest in the USCP Notes. The face amount of each USCP Note will be paid upon maturity in immediately available funds to DTC. The USCP Issuer has been advised by DTC that upon receipt of such payment DTC will credit, on its book-entry records and transfer system, the accounts of the DTC participants through whom USCP Notes are directly or indirectly owned. Payments by DTC to its participants and by such participants to owners of the USCP Notes or their representatives will be governed by customary practices and standing instructions and will be the sole responsibility of DTC, such DTC participants or such representatives, respectively.
- Listing:** The USCP Notes will not be listed on any stock exchange.
- Selling Restrictions:** The USCP Notes are exempt from registration under the Securities Act of 1933, as amended, pursuant to Section 3(a)(3) thereof and will only be offered and sold in compliance therewith to institutional investors and other entities and individuals who are normally offered short-term commercial paper in the U.S. commercial paper market.
- Governing Law:** The USCP Notes will be governed by and construed in accordance with the laws of the State of New York. The Guarantee will be governed by and construed in accordance with English law.

INTESA BANK IRELAND p.l.c.

General

Intesa Bank Ireland p.l.c. (**IBI**), a subsidiary of Banca Intesa S.p.A., was incorporated in Ireland on 26th May, 1994 as a public company with limited liability under the Companies Acts 1963 to 1990 (now the Companies Acts 1963 to 2001) under the name Comit Finance (Ireland) p.l.c. (**CFI**), with the company registration number 217741. On 7th August, 1998, CFI changed its name to Banca Commerciale Italiana (Ireland) p.l.c. (**BCI Ireland**) and on 3rd September, 1998, it was granted a banking licence by the Central Bank of Ireland (now known as the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland (the **Central Bank**)) under Section 9 of the Irish Central Bank Act 1971.

On 22nd August, 2001, BCI Ireland changed its name to IntesaBci Bank Ireland p.l.c. This followed the merger (the **Merger**) of Banca Commerciale Italiana S.p.A. (the former parent of IBI) by incorporation into Banca Intesa S.p.A. with effect from 1st May, 2001. The merged entity was renamed IntesaBci S.p.A., which was changed to Banca Intesa S.p.A. with effect from 1st January, 2003. Following the Merger, BCI Ireland acquired all of the assets of Banca Intesa S.p.A.'s Irish subsidiary Intesa Ireland p.l.c. and changed its name to IntesaBci Bank Ireland p.l.c. On 13th March, 2003, IntesaBci Bank Ireland p.l.c. changed its name to Intesa Bank Ireland p.l.c.

IBI has received a certificate from the Minister of Finance under Section 446 of the Taxes Consolidation Act 1997, as amended, to carry on relevant trading operations in Dublin's International Financial Services Centre. Income generated by IBI from these relevant trading operations should qualify for a reduced rate of corporation tax of 10 per cent. until 31st December, 2005 provided that IBI satisfies the conditions in its tax certificate.

The registered office of IBI is at AIB International Centre, I.F.S.C., Dublin 1.

The authorised share capital of IBI is 7,300,000 ordinary shares of €50 each, of which 160,000 have been issued and credited as fully paid.

According to its Memorandum and Articles of Association, IBI is authorised to carry on the business of banking including taking deposits, making loans and advances, issuing guarantees and bonds, dealing in securities "and generally the transacting of all kinds of business carried on by bankers". The main activities of IBI are as follows:

- the arrangement, underwriting and provision of finance, principally targeted to major corporate clients and financial institutions, in both the Irish and international markets;
- specialist financial transactions including aircraft financing and other asset-based and structured products, and credit derivatives;
- the issue of guarantees, acceptance of customer deposits, and other wholesale banking business;
- management of a portfolio of debt securities, including Euro-denominated government securities, and issues by financial institutions and corporates, and associated with this activity, interest rate and currency swaps, and sale and repurchase transactions; and
- inter-bank money market operations and the issue of debt instruments for funding purposes, including subordinated debt issues and on-lending to other Banca Intesa Group entities.

Capital Adequacy and Liquidity Ratios

The Central Bank specifies minimum capital requirements for Irish authorised credit institutions in accordance with the terms of European Union banking directives. The minimum requirement is calculated as the ratio of total capital to weighted risk assets. Total capital is defined as the sum of Tier 1 capital plus Tier 2 capital less certain deductions. For IBI, Tier 1 capital comprises share capital, reserves and the audited balance of the profit and loss account and Tier 2 capital comprises subordinated debt instruments. The risk assets are given weightings according to perceived risk.

As at 31st December, 2002, Tier 1 and total capital ratios for IBI were 25.20 per cent. and 26.06 per cent., respectively. IBI is required by the Central Bank to maintain a total capital ratio of at least 8 per cent.

Management of IBI

IBI is managed by the Board of Directors, which currently consists of the following persons:

| <u>Name</u> | <u>Position</u> | <u>Director since</u> |
|--------------------------|-----------------|-----------------------|
| John Broughan | Chairman | 1999 |
| Richard Barkley | Director | 1994 |
| Robert Burke | Director | 1994 |
| Francesco Caputo Nasetti | Director | 2003 (February) |
| Luigi Carnelli | Director | 2003 (February) |

Accounting

IBI's accounts are prepared as at 31st December of each year. For the accounting periods to 31st December, 2002, the independent auditors were KPMG Chartered Accountants. With effect from 1st January, 2003, Ernst & Young Chartered Accountants were appointed as independent auditors of IBI. IBI has subordinated indebtedness outstanding, details of which are included in the Capitalisation Table of IBI set forth below.

CAPITALISATION OF IBI

The audited capitalisation of IBI is as follows:

| | As at 31st December, 2002 | As at 31st December, 2001 |
|-----------------------------------|--|--|
| | <i>(millions of euro)</i> | <i>(millions of euro)</i> |
| Subordinated debt | 331 | 378 |
| Shareholders' equity | | |
| Share capital and reserves | 363 | 362 |
| Profit and loss account..... | 10 | 13 |
| Total shareholders' equity | 373 | 375 |
| Total capitalisation | 704 | 753 |

Note:

Save as disclosed above, there has been no material change in the capitalisation of IBI since 31st December, 2002.

SELECTED FINANCIAL INFORMATION FOR IBI

The following table presents selected financial information for IBI as at and for the years ended 31st December, 2001 and 2002. The financial information presented herein is derived from the audited financial statements of IBI and should be read in conjunction with such statements and the notes thereto.

Companies (Amendment) Act 1986 of Ireland.

The financial information in relation to IBI contained in this Information Memorandum does not constitute full accounts within the meaning of Section 19 of the Companies (Amendment) Act 1986 of Ireland. Full accounts of IBI have been prepared for each financial year to which the financial information relates and the auditors have given unqualified reports on such accounts which have been annexed to the relevant annual returns delivered to the Registrar of Companies of Ireland.

| | Year ended | |
|---|----------------------------|-------------|
| | 31st December, | |
| | 2002 | 2001 |
| | <i>(thousands of euro)</i> | |
| Profit and Loss Account Information | | |
| Net interest income..... | 32,459 | 33,922 |
| Operating profit | 33,626 | 35,335 |
| Profit/(Loss) on ordinary activities before taxation..... | (2,700) | 760 |
| Profit/(Loss) for the financial period..... | (2,562) | 542 |
| Retained profit at end of year | 9,993 | 12,555 |
| | | |
| | As at | |
| | 31st December, | |
| | 2002 | 2001 |
| | <i>(thousands of euro)</i> | |
| Balance Sheet Information | | |
| Total assets | 3,232,375 | 3,540,349 |
| Loans and advances to banks..... | 923,228 | 687,613 |
| Loans and advances to customers (net of provisions)..... | 832,715 | 1,131,478 |
| Debt securities & other fixed income securities..... | 1,394,068 | 1,608,839 |
| Debt securities in issue | 725,807 | 377,713 |
| Deposits by banks..... | 1,847,606 | 2,482,567 |
| Deposits by customers | 237,938 | 236,799 |
| Shareholders' funds..... | 372,921 | 374,975 |

INTESA FUNDING LLC

Capitalisation of Intesa Funding LLC (the LLC)

The following table sets out the capitalisation of the LLC (formerly BCI Funding Corporation), as at 31st December, 2001, 31st December, 2002 and 30th June, 2003, and is derived from the audited unconsolidated financial statements of the LLC as at 31st December, 2001 and 31st December, 2002 and the unaudited unconsolidated financial statements of the LLC as at 30th June, 2003, respectively.

| | as at 30th June, 2003 | as at 31st December, 2002 | as at 31st December, 2001 |
|--|--|--|--|
| | <i>(expressed in US\$)</i> | <i>(expressed in US\$)</i> | <i>(expressed in US\$)</i> |
| | <hr/> | <hr/> | <hr/> |
| Shareholder's equity | | | |
| Share capital 10,000 shares of US\$ 1.00 par value, authorized, issued and outstanding..... | 10,000 | 10,000 | 10,000 |
| Additional paid-in capital..... | 15,000 | 15,000 | 15,000 |
| Retained earnings..... | 390,800 | 377,266 | 369,025 |
| Total capitalisation..... | <hr/> 415,800 | <hr/> 402,266 | <hr/> 394,025 |

Business Description of the LLC

The LLC, a wholly owned subsidiary of the Guarantor, was formed on 1st November, 2003 after the conversion of BCI Funding Corporation into a limited liability company. The Guarantor, as a sole shareholder of BCI Funding Corporation, a Delaware corporation, caused that corporation to change its name to Intesa Funding LLC.

The primary purpose of the LLC is to issue and sell in the United States debt securities, the proceeds of which are to be advanced to, or deposited with, the Guarantor or the Guarantor's subsidiaries.

The LLC is managed by its Board of Directors, consisting of:

| | |
|-------------------------|----------|
| Vincenzo La Via | Chairman |
| Giuseppe Attanà | Director |
| Claudio Marchiori..... | Director |
| Giancarlo Ranzini | Director |
| Joseph Semder..... | Director |

The LLC's accounts are prepared as at 31st December of each year. The independent auditors of the LLC are Ernst & Young LLP.

The registered office of the LLC in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801.

FINANCIAL STATEMENTS OF INTESA FUNDING LLC AS AT 31st DECEMBER, 2002 AND 2001.

The following financial information has been extracted from the audited unconsolidated financial statements of the LLC as at and for the year ended 31st December, 2002 and 31st December, 2001 which are incorporated by reference herein and should be read in conjunction herewith:

| ASSETS | As at 31st December, | |
|---|-----------------------------|--------------------|
| | 2002 | 2001 |
| | <i>(expressed in US\$)</i> | |
| Due from banks and affiliates..... | 416,674 | 398,663 |
| Loans to affiliated company..... | 99,452,438 | 949,015,916 |
| Accrued interest receivable from affiliated company | 431,540 | 3,223,869 |
| Income Tax Receivable | 10,965 | 0 |
| Total Assets | <u>100,311,617</u> | <u>952,638,448</u> |
| | | |
| LIABILITIES AND SHAREHOLDER'S EQUITY | As at 31st December, | |
| | 2002 | 2001 |
| | <i>(expressed in US\$)</i> | |
| Liabilities | | |
| Commercial paper issued, net of unamortized discount | 99,871,977 | 952,226,297 |
| Other liabilities and accrued expenses..... | 37,374 | 18,126 |
| Total Liabilities | <u>99,909,351</u> | <u>952,244,423</u> |
| | | |
| Shareholder's Equity | | |
| Share Capital 10,000 shares of US\$ 1.00 par value, authorized, issued and outstanding | 10,000 | 10,000 |
| Additional paid-in capital..... | 15,000 | 15,000 |
| Retained earnings | 377,266 | 369,025 |
| Total Shareholder's Equity | <u>402,266</u> | <u>394,025</u> |
| Total Liabilities and Shareholder's Equity | <u>100,311,617</u> | <u>952,638,448</u> |
| | | |
| STATEMENTS OF INCOME | As at 31st December, | |
| | 2002 | 2001 |
| | <i>(expressed in US\$)</i> | |
| Revenue | | |
| Interest income from affiliated company | 21,766,060 | 74,594,300 |
| Interest expense..... | (21,647,361) | (74,426,677) |
| Net interest income | <u>118,699</u> | <u>167,623</u> |
| | | |
| Expenses | | |
| Salaries | 9,000 | 9,000 |
| Brokerage fees | 13,831 | 13,519 |
| Professional fees | 72,898 | 14,025 |
| Fees and commissions..... | 13,145 | 16,150 |
| Total expenses | <u>108,874</u> | <u>52,694</u> |
| Income before taxes | 9,825 | 114,928 |
| Income tax expense | 1,584 | 27,182 |
| Net Income | <u>8,241</u> | <u>87,746</u> |

STATEMENTS OF CASH FLOWS

As at 31st December,
2002 2001
(expressed in US\$)

| Cash flows from operating activities: | | |
|--|----------------------|----------------------|
| Net income..... | 8,241 | 87,747 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | |
| Amortisation of discount on commercial paper | (2,790,843) | 0 |
| Changes in assets and liabilities: | | |
| Increase (Decrease) in accrued interest receivable from affiliated company | 2,792,329 | 20,558,706 |
| (Increase) Decrease in unamortized discount on commercial paper..... | 0 | 15,378,491 |
| (Increase) Decrease in other assets | 1,152 | (1,152) |
| Increase in other liabilities and accrued expenses | 19,248 | (12,443) |
| Increase in income tax receivable | (10,965) | 0 |
| Net cash provided by operating activities..... | 19,162 | 36,011,349 |
| Cash flows from investing activities: | | |
| Decrease in loans to affiliated company | 849,563,477 | 784,556,636 |
| Net cash provided by investing activities..... | 849,563,477 | 784,556,636 |
| Cash flows from financing activities: | | |
| Decrease in commercial paper issued..... | (849,563,477) | (820,472,000) |
| Net Increase in due from banks..... | | 95,985 |
| Net cash used in financing activities..... | (849,563,477) | (820,376,015) |
| Net change in cash..... | 19,162 | 0 |
| Due from banks, affiliate, beginning of year..... | 397,512 | 301,526 |
| Due from banks, affiliate, end of year..... | 416,674 | 397,511 |
| Supplemental disclosures of cash flow information | | |
| Cash paid during the year for: | | |
| Interest expense..... | 24,110,202 | 73,633,024 |
| Income taxes paid | 12,549 | 27,182 |

BANCA INTESA S.p.A.

Introduction and History

Overview

The Intesa Group (the **Group**) is a full service Italian banking group that provides a wide range of retail and commercial banking and other financial services to customers in Italy and abroad. The Group's principal services are focused on deposit taking, lending, collection and payment services, investment banking, capital market services, securities custody and settlement, foreign currency transactions, leasing, factoring, asset and mutual fund management and life insurance. Banca Intesa is Italy's largest banking entity in term of assets: consolidated financial figures as at 31st December, 2002 show total assets of 281 billion euro, loans to customers of 168 billion euro and customer deposits under administration of 484 billion euro.

History

Banca Intesa is the parent company of the Intesa Group. The former Intesa Group was formed on 2nd January, 1998 following the acquisition by Banca Intesa S.p.A., formerly called Banco Ambrosiano Veneto S.p.A., (**Banca Intesa**) of the entire issued share capital of Cassa di Risparmio delle Provincie Lombarde S.p.A. (**Cariplo**). During 1998 Banca Popolare Friuladria and Cassa di Risparmio di Parma e Piacenza joined the Intesa Group.

In December 1999 Banca Intesa finalised the exchange offer pursuant to which it acquired 70% of the outstanding ordinary shares and savings shares of Banca Commerciale Italiana S.p.A. (**BCI**) in return for the issue of new ordinary shares of Banca Intesa and put warrants to BCI shareholders. Banca Intesa granted 330,170,484 put warrants pro-rata to those BCI shareholders who tendered shares in excess of the 70% for which the Exchange Offer was made (the **Warrants**). Such Warrants granted a put right exercisable by the holders which required Banca Intesa to purchase the underlying BCI shares during the period from 1st November to 15th November, 2002 at a price of 7.80 euro per share.

On 10th October, 2000 the Board of Directors of both Banca Intesa and BCI approved the merger by incorporation of BCI into Banca Intesa, by means of the exchange of 1.45 Banca Intesa's new ordinary shares of 1,000 lire each for each of BCI's ordinary or savings shares held, on the basis of the consolidated financial statements as at 30th June, 2000.

The merger by incorporation of BCI into Banca Intesa was completed on 1st May, 2001.

On the merger date Banca Intesa adopted a new corporate name, Banca Intesa Banca Commerciale Italiana S.p.A. or, in short, IntesaBci S.p.A. or Banca Intesa Comit S.p.A.

Following the decision to merge BCI into Banca Intesa, the terms and conditions of the Warrants were amended and each Warrant was then exercised by means of the sale by each of the holders of 1.45 IntesaBci shares instead of one BCI share, at a price of 7.80 euro, so that the strike price of each IntesaBci's ordinary share was 5.38 euro.

As of 1st January, 2003 the corporate name has become again "Banca Intesa S.p.A." or, in short form, "Intesa S.p.A." and consequently the Group name has become "Gruppo Banca Intesa" or, in short form, "Gruppo Intesa".

The Structure of the Group

A new organisational model for the Group was implemented in the second half of 2002. The new organisational structure has been streamlined to ensure clarity in decision-making under a single CEO and to accelerate the integration of all the components of the organisation.

The new structure is based on:

- four Business Divisions - Retail, Italian Banks, Foreign Banks and Corporate - that are responsible for all the clients of the Group;

- Product Companies that support the Business Divisions and will also further broaden the market presence of the Group; and
- Central Functions (Head Office Departments and Services Companies) that have clear targets in terms of quality, growth and profitability.

With regards to the above, the responsibilities, the projects to be started and completed, deadlines, goals, quality levels, profitability and use of capital have been outlined for each division of the Group.

Banking

The Group's **retail and commercial banking activities** are conducted in Italy by Banca Intesa, through its direct branch network and through a number of small banking subsidiaries. Internationally, the Group is present in South America through the Sudameris Group and in Central and Eastern Europe through Central-European International Bank, Budapest, Privredna Banka Zagreb, Zagreb and Vseobcna Uverova Banka (VUB), Bratislava. In addition to its branch network, the Group has also a network of 1,700 financial consultants.

The Group provides a full range of **corporate banking services**, investment banking and other financial services to Italian companies, foreign corporations operating in Italy and Italian public sector entities. The corporate banking services provided include the acceptance of deposits, granting overdraft facilities, bills and receivables discounting, export/import financing, making advances on contracts and invoices, medium- and long-term loans, leasing, factoring, foreign exchange spot and forward transactions and money market instruments, cash management and payroll and other electronic payment systems. Other services include corporate finance, financial advisory in connection with mergers and acquisitions, corporate valuations and restructurings, management and leverage buy-outs, private equity activities with investments in industrial and commercial corporations, credit derivatives, derivatives trading and loan syndication. The Group's investment banking activities currently include capital and money market services and securities trading conducted primarily through Caboto SIM S.p.A., Caboto Securities Limited and Caboto USA Inc.

Asset management services are mainly provided for by Nextra Investment Management SGR.

Internet banking activities are provided for by Intesatrade and Fundsworld. Intesatrade is a second generation trading on line system which enables all its customers to invest and trade in shares and securities listed on the Italian stock exchange and on the major international stock exchanges and to have access to research and analysis services. Fundsworld is the Group's platform for the on line sale of both domestic and international funds and SICAVS to European customers.

Other specialised business units are :

- Intesa Leasing S.p.A., which provides leasing services to individual and corporate clients;
- Mediofactoring S.p.A., which provide factoring services;
- Agos Itafinco S.p.A., which operates in the consumer credit market;
- Banca Primavera S.p.A., which operates a network of approximately 1,700 financial consultants;
- Setefi S.p.A., which operates in the credit card and payment system market;
- IntesaVita S.p.A., a life bancassurance company.

**SELECTED FINANCIAL INFORMATION FOR THE
BANCA INTESA GROUP**

The following table presents selected consolidated financial information for the Banca Intesa Group for the year ended 31st December, 2002 compared to the year ended 31st December, 2001.

Financial highlights

| | 2002 | 2001 pro-forma⁽¹⁾ | changes amount | % |
|--|------------------------------|---|---------------------------|----------|
| Statement of income | | | | |
| | <i>(in millions of euro)</i> | | | |
| Net interest income | 5,753 | 6,024 | -271 | -4.5 |
| Interest margin..... | 5,946 | 6,236 | -290 | -4.7 |
| Net commissions | 3,335 | 3,677 | -342 | -9.3 |
| Net interest and other banking income | 9,924 | 10,592 | -688 | -6.3 |
| Operating costs..... | -6,816 | -7,388 | -572 | -7.7 |
| <i>including payroll.....</i> | -3,692 | -4,056 | -364 | -9.0 |
| Operating margin | 3,108 | 3,204 | -96 | -3.0 |
| Income from operating activities | -59 | -79 | -20 | -25.3 |
| Net income for the period | 200 | 928 | -728 | -78.4 |
| Balance sheet | | | | |
| | <i>(in millions of euro)</i> | | | |
| Loans to customers | 168,532 | 182,772 | -14,240 | -7.8 |
| Securities ⁽²⁾ | 36,266 | 50,920 | -14,654 | -28.8 |
| <i>including investment portfolio</i> | 8,108 | 12,972 | -4,864 | -37.5 |
| Equity investments..... | 3,620 | 4,754 | -1,134 | -23.9 |
| Total assets..... | 280,733 | 317,248 | -36,515 | -11.5 |
| Direct customer deposits..... | 182,033 | 186,850 | -4,817 | -2.6 |
| <i>including Subordinated and perpetual liabilities.....</i> | 11,631 | 11,708 | -77 | -0.7 |
| Indirect customer deposits | 301,749 | 328,150 | -26,401 | -8.0 |
| <i>including Managed funds</i> | 125,552 | 138,336 | -12,784 | -9.2 |
| Customer deposits under administration..... | 482,782 | 515,000 | -31,218 | -6.1 |
| Due to banks, net..... | 14,155 | 36,633 | -22,478 | -61.4 |
| Shareholders' equity ⁽³⁾ | 13,951 | 14,141 | -190 | -1.3 |
| Operating structure | | | | |
| Staff (number)..... | 71,501 | 73,864 | -2,363 | -3.2 |
| Branches (number)..... | 4,277 | 4,319 | -42 | -1.0 |
| <i>including Italy</i> | 3,277 | 3,254 | 23 | 0.7 |
| <i>Abroad</i> | 1,000 | 1,065 | -65 | -6.1 |

(1) Figures restated on a consistent basis, considering changes in the consolidation area

(2) Including own shares of 981 million euros as at 31st December, 2002

(3) Including net income for the period

Financial ratios

| | 2002 | 2001 pro-forma ⁽¹⁾ |
|---|---------|----------------------------------|
| <i>Balance sheet ratios(%)</i> | | |
| Loans to customers/Total assets..... | 60.0 | 57.6 |
| Securities/Total assets | 12.9 | 16.1 |
| Direct customer deposits/Total assets | 64.8 | 58.9 |
| Managed funds/Indirect customer deposits | 41.6 | 42.2 |
| <i>Statement of income ratios (%)</i> | | |
| Interest margin/Net interest and other banking income..... | 59.9 | 58.9 |
| Net commissions/Net interest and other banking income..... | 33.6 | 34.7 |
| Operating costs/Net interest and other banking income..... | 68.7 | 69.8 |
| Net income for the period/Average total assets (ROA) ⁽²⁾ | 0.1 | 0.3 |
| Net income for the period/Average shareholders' equity (ROE) ⁽³⁾ | 1.6 | 6.7 |
| <i>Risks ratios (%)</i> | | |
| Net doubtful loans/Total loans | 3.2 | 3.0 |
| Accrued adjustments on doubtful loans/Gross doubtful loans to customers..... | 62.5 | 59.5 |
| <i>Capital ratios (%)</i> | | |
| Tier 1 capital/Risk-weighted assets..... | 6.8 | 6.0 |
| Total capital/Risk-weighted assets | 11.1 | 9.3 |
| Risk-weighted assets (in millions of euro) | 199,714 | 246,123 |
| EPS – Earning per Share – euro..... | 0.03 | 0.14 |

(1) Figures restated on a consistent basis, considering changes in the consolidation area

(2) Based upon the arithmetical average of total assets at the end of the current and previous period

(3) Net income for the period, excluding the change in the reserve for general banking risks, divided by the weighted average of share capital, share premium reserve, revaluation reserves, revaluation reserves, reserves from retained earnings, negative goodwill arising on consolidation and on application of the equity method and the reserve for general banking risks.

FORM OF NOTES
PART 1
FORM OF GLOBAL ECP NOTE

INTESA BANK IRELAND P.L.C.
(incorporated with limited liability in Ireland under registered number 217741)

Guaranteed by
BANCA INTESA S.p.A.
(incorporated as a società per azioni in the Republic of Italy)

| | |
|--|---|
| No: Issued in London on: Contractual Currency: Principal Amount: ³ (words and figures for Sterling Notes) Calculation Agent: ⁴ (Principal) Fixed Interest Rate: ⁵ % per annum Calculation Agent: ⁶ (Interest) Interest Payment Dates: ⁷ Interest Commencement Date: ⁹ | Series No: Maturity Date: ¹ Denomination: ² Nominal Amount: ⁴ (words and figures for Sterling Notes) Minimum Redemption Amount: (words and figures for Sterling Notes) Margin: ⁶ % Reference Banks: ⁶ Reference Rate: LIBOR/EURIBOR: ⁸ |
|--|---|

1. For value received, Intesa Bank Ireland p.l.c. (the "**Issuer**") promises to pay to the bearer of this Global ECP Note on the Maturity Date:
 - (a) the above Principal Amount; or
 - (b) if this Global ECP Note is index linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent, in accordance with the redemption or interest calculation, a copy of which is attached to this Global ECP Note and/or is available for inspection at the office of the Principal Paying Agent referred to below,

together with interest thereon at the rate and at the times (if any) specified herein. All such payments shall be made in accordance with an Issue and Paying Agency Agreement dated 12th November, 2003 between, *inter alios*, the Issuer, Banca Intesa S.p.A. (the "**Guarantor**") and Deutsche Bank AG London as issue agent (the "**Issue Agent**") and as principal paying agent (the "**Principal Paying Agent**"), a copy of which is available for inspection at the office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB, and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this Global ECP Note at the office of the Principal Paying Agent referred to above by transfer to an account denominated in the Contractual Currency maintained by the bearer in the principal financial centre in the country of the Contractual Currency (or, in the case of a Global ECP Note denominated or payable in euro in the principal financial centre of a country which operates a clearing system in euro (the "**Payment Centre**")).
2. This Global ECP Note is issued in representation of an issue of ECP Notes in the aggregate Principal Amount or Nominal Amount specified above.
3. All payments in respect of this Global ECP Note will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature ("**Taxes**") imposed, levied, collected or withheld in Ireland or the Republic of Italy or any jurisdiction in, from or through which payments under this Global ECP Note may be made, or any political sub-division or authority of or in any of Ireland or the Republic of Italy or any jurisdiction in, from or through which payments under this Global ECP Note may be made having power to tax or any political subdivision or taxing authority thereof or therein unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this Global ECP Note after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction, except that no such additional amounts shall be payable:
 - (i) for or on account of Imposta Sostitutiva (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 (as may be amended or supplemented) or any related implementing regulations; or
 - (ii) with respect to any ECP Notes presented for payment:
 - (A) in the Republic of Italy; or
 - (B) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note by reason of his having some connection with Ireland or, as the case may be, the Republic of Italy other than the mere holding of such ECP Note; or
 - (C) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such ECP Note by making a declaration of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so; or
 - (D) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such ECP Note for payment on such thirtieth day assuming that day to have been a Payment Business Day (as defined below); or
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant ECP Note to another Paying Agent in a Member State of the European Union.

"**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of the ECP Notes in accordance with the terms of the ECP Notes.
4. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein), payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this Global ECP Note or the holder or beneficial owner of any interest herein or rights in respect hereof shall not be entitled to any interest or other sums in respect of such postponed payment. "**Payment Business Day**", as used herein, shall mean any day, other than a Saturday or a Sunday, on which (a) deposits in the relevant currency may be dealt in on the London interbank market, (b) commercial banks are open for general business in London and in the place of payment for the relevant currency, (c) on which both Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any relevant clearing system are operating and (d) in relation to a payment to be made in euro, a day on which, in addition to the foregoing, the TARGET system is operating credit or transfer instructions in respect of payments in euro (a "**euro Business Day**"). "**TARGET**" means the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system or any successor thereto.

- 1 Not to exceed 364 days from the Issue date.
- 2 ECP Notes are subject to a minimum denomination of €500,000 (or its equivalent in other currencies).
- 3 Complete for ECP Notes other than index linked ECP Notes.
- 4 Complete for index linked ECP Notes only.
- 5 Complete for fixed rate interest bearing ECP Notes only.
- 6 Complete for floating rate interest bearing or index linked ECP Notes only.
- 7 Complete for interest bearing ECP Notes if interest is payable before Maturity Date.
- 8 Delete as appropriate. The Reference Rate should always be LIBOR unless the Note is denominated in euro and the Issuer and the relevant Dealer agree EURIBOR should be used instead.
- 9 Complete for interest bearing Yen denominated ECP Notes only.

5. This Global ECP Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof free and clear of any equity, set-off or counterclaim on the part of the Issuer against any previous bearer hereof.
6. This Global ECP Note constitutes direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at least equally with all other present and future unsecured and unsubordinated indebtedness of the Issuer save for such obligations as may be preferred by mandatory provisions of applicable law.
7. This Global ECP Note is issued in respect of an issue of ECP Notes of the Issuer and is exchangeable in whole (but not in part only) for duly executed and authenticated bearer ECP Notes in definitive form in the following circumstances, whether before, on or, subject as provided below, after the Maturity Date:
- (a) if Euroclear or Clearstream, Luxembourg is closed for a continuous period of 14 days or more (other than by reason of weekends or public holidays, statutory or otherwise) or announces an intention to cease permanently to do business or does in fact do so and no alternative clearing system is available; and/or
 - (b) if default is made in the payment of any amount payable in respect of this Global ECP Note.
- If an event in paragraph (a), (b) or (c) above occurs, the Issuer hereby undertakes that, upon presentation and surrender of this Global ECP Note during normal business hours at the above offices of the Issue Agent, the Issuer will procure the delivery to the bearer of duly executed and authenticated bearer definitive ECP Notes in the relevant currency in an aggregate principal amount or nominal amount (as applicable) equal to the Principal Amount or Nominal Amount (as applicable) of this Global ECP Note, such delivery to take place in the case of paragraph (b) or (c) above on a date not later than 5.00 p.m. (London time) on the thirtieth day after surrender of this Global ECP Note.
8. If, for whatever reason, definitive ECP Notes are not issued pursuant to the terms of this Global ECP Note in full exchange for this Global ECP Note before 5.00 p.m. (London time) on the thirtieth day after surrender, this Global ECP Note (including the obligation hereunder to issue definitive ECP Notes) will become void and the bearer will have no further rights under this Global ECP Note (but without prejudice to the rights which the bearer or any other person may have under a Deed of Covenant dated 12th November, 2003 entered into by the Issuer).
9. If this is an interest bearing Global ECP Note, then:
- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this Global ECP Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 (a) or (b) shall be payable on such fifteenth day; and
 - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this Global ECP Note, the Schedule hereto shall be duly completed by or on behalf of the Principal Paying Agent to reflect such payment.
10. If this is a fixed rate interest bearing Global ECP Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:
- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global ECP Note is denominated in Sterling or if market practice so dictates (as determined by the Principal Paying Agent), 365 days at the Fixed Interest Rate specified above with the resulting figure being rounded to the nearest amount of the relevant currency which is available as legal tender in the country or countries (in the case of the euro) of the relevant currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.
11. If this is a floating rate interest bearing Global ECP Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:
- (A) (a) if this Global ECP Note specifies LIBOR as the Reference Rate, interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or, if this Global ECP Note is denominated in Sterling or if market practice so dictates (as determined by the Principal Paying Agent), 365 days at a rate (the "**Rate of Interest**") determined on the following basis:-
 - (i) on the first day of each Interest Period (for a Global ECP Note denominated in Sterling) or, if this Global ECP Note is denominated in euro, the second euro Business Day before the beginning of each Interest Period or, if this Global ECP Note is denominated in any other currency the second Business Day (as defined below) before the beginning of each Interest Period (each a "**LIBOR Interest Determination Date**") the Calculation Agent will determine the offered rate for deposits in the Contractual Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page LIBOR01 on the Reuters Monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Contractual Currency for a duration approximately equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable, the Calculation Agent will request each of the Reference Banks (or failing that one of the Reference Banks) to provide its offered quotation to leading banks in the London interbank market for deposits in the Contractual Currency for a duration approximately equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (i) or (ii) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied;
 - (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one Note of each Denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 or, if this Global ECP Note is denominated in Sterling or if market practice so dictates (as determined by the Principal Paying Agent), by 365 and rounding the resulting figure to the nearest amount of the Contractual Currency which is available as legal tender in the country of the Contractual Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error or fraud) be final and binding upon all parties;
 - (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall (in the absence of manifest error) be conclusive and binding as between the Issuer and the bearer hereof;
 - (d) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph;
 - (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be given as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to Euroclear, Clearstream, Luxembourg and the bearer of this Global Note or, if that is not possible, it will be published in the *Financial Times* or in another leading London daily newspaper; and
 - (f) as used above, "**Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London.
- (B) (a) If this Global ECP Note specifies EURIBOR as the Reference Rate, interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the "**Rate of Interest**") determined on the following basis:-
 - (i) on the second euro Business Day (as defined in paragraph 4 above) before the beginning of each Interest Period (each a "**EURIBOR Interest Determination Date**") the Calculation Agent will determine the European Interbank Offered Rate for deposits in euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page LIBOR01 on the Reuters Monitor (or such other page or service as may replace it for the purpose of displaying European Interbank Offered Rates of prime banks in the euro-zone (as defined below) for deposits in euro for a duration approximately equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;

- (ii) if on any EURIBOR Interest Determination Date for any reason such offered rate is unavailable, the Calculation Agent will request the principal euro-zone office of each of the Reference Banks (or failing that one of the Reference Banks) to provide its offered quotation to leading banks in the euro-zone interbank market for deposits in euro for a duration approximately equal to the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. The Rate of Interest for such EURIBOR Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
- (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (i) or (ii) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied.

For the purposes of this Global Note, "**euro-zone**" means the region comprised of the countries whose lawful currency is the euro.

- (b) The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one Note of each Denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360, and rounding the resulting figure to the nearest cent. (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error or fraud) be final and binding upon all parties.
- (c) A certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall (in the absence of manifest error) be conclusive and binding as between the Issuer and the bearer hereof.
- (d) The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph.
- (e) The Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be given as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this Global ECP Note or, if that is not possible, it will be published in the *Financial Times* or in another leading London daily newspaper.
12. Repayment of the principal and payment of any interest or premium in connection with this Global ECP Note has been guaranteed by the Guarantor under a guarantee dated 12th November, 2003, copies of which may be inspected during normal business hours at the office of the Principal Paying Agent referred to above.
13. If this Global ECP Note is denominated in Sterling, the Principal Amount or Minimum Redemption Amount (as applicable) shall be not less than £100,000.
14. Instructions for payment must be received at the offices of the Principal Paying Agent together with this Global ECP Note as follows:
- (a) if this Global ECP Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Payment Business Days prior to the relevant payment date;
- (b) if this Global ECP Note is denominated in United States dollars, Canadian dollars or Sterling, on or prior to the relevant payment date; and in all other cases, at least one Payment Business Day prior to the relevant payment date.
15. No person shall have any right to enforce any term or condition of this Global ECP Note by virtue of the Contracts (Rights of Third Parties) Act 1999.
16. This Global ECP Note shall not be validly issued unless manually authenticated by Deutsche Bank AG London as Issue Agent.
17. This Global ECP Note is governed by, and shall be construed in accordance with, English law. For the exclusive benefit of the bearer, the Issuer hereby irrevocably agrees that the courts of England shall have jurisdiction to settle any disputes which may arise out of or in connection with this Global ECP Note and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Global ECP Note may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained herein shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, to the extent permitted by applicable law. The Issuer hereby appoints Banca Intesa S.p.A., London Branch at 90 Queen Street, London EC4N 1SA or at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 and agrees that, in the event of Banca Intesa S.p.A., London Branch ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Signed in facsimile on behalf of
INTESA BANK IRELAND p.l.c.

By: _____
(Authorised Signatory)

AUTHENTICATED by
DEUTSCHE BANK AG LONDON
without recourse, warranty or liability
and for authentication purposes only

By: _____
(Authorised Signatory)

SCHEDULE

Payments of Interest

The following payments of interest in respect of this Global ECP Note have been made:

| Date Made | Payment From | Payment To | Amount Paid | Notation on behalf of Principal Paying Agent |
|------------------|---------------------|-------------------|--------------------|---|
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**Pro forma Redemption Calculation
(Index linked Global ECP Note)**

This is the Redemption Calculation relating to the attached index linked Global ECP Note:

Calculation Date:

Calculation Agent:

Minimum Redemption Amount
(per Note): [£100,000] *(for Sterling ECP Notes only)*

Redemption Amount: to be calculated by the Calculation Agent as follows:
[Insert particulars of index and redemption calculation]
[Indicate whether the calculation refers to principal or coupon]

Confirmed:

.....
For the Issuer: INTESA BANK IRELAND p.l.c.

Note: The Calculation Agent is required to notify the Principal Paying Agent for the ECP Notes of the Redemption Amount immediately upon completing its calculation of the same.

PART 2
FORM OF DEFINITIVE ECP NOTE

INTESA BANK IRELAND p.l.c.
(incorporated with limited liability in Ireland under registered number 217741)

Guaranteed by
BANCA INTESA S.p.A.
(incorporated as a società per azioni in the Republic of Italy)

| | |
|---|---|
| No:..... | Series No: |
| Issued in London on: | Maturity Date: ¹ |
| Contractual Currency: | Principal Amount: ² |
| | <i>(words and figures for Sterling Notes)</i> |
| Nominal Amount: ³ | Calculation Agent: ³ |
| <i>(words and figures for Sterling Notes)</i> | <i>(Principal)</i> |
| Fixed Interest Rate: ⁴ % per annum | Minimum Redemption Amount:..... |
| | <i>(words and figures for Sterling Notes)</i> |
| Calculation Agent: ⁵ | Margin: ⁵ |
| <i>(Interest)</i> | |
| Interest Payment Dates: ⁶ | Reference Banks: ⁵ |
| Interest Commencement Dates: ⁷ | Reference Rate: LIBOR/EURIBOR: ⁸ |

1. For value received, Intesa Bank Ireland p.l.c. (the "**Issuer**") promises to pay to the bearer of this ECP Note on the Maturity Date:
- (a) the above Principal Amount; or
 - (b) if this ECP Note is index linked, an amount (representing either principal or interest) to be calculated by the Calculation Agent, in accordance with the redemption or interest calculation, a copy of which is attached to this ECP Note and/or is available for inspection at the office of the Principal Paying Agent referred to below,
- together with interest thereon at the rate and at the times (if any) specified herein. All such payments shall be made in accordance with an Issue and Paying Agency Agreement dated 12th November, 2003 between the Issuer, Banca Intesa S.p.A. (the "**Guarantor**") and Deutsche Bank AG London (the "**Principal Paying Agent**"), a copy of which is available for inspection at the office of the Principal Paying Agent at Winchester House, 1 Great Winchester Street, London EC2N 2DB and subject to and in accordance with the terms and conditions set forth below. All such payments shall be made upon presentation and surrender of this ECP Note at the office of the Principal Paying Agent referred to above by transfer to an account denominated in the Contractual Currency maintained by the bearer in the principal financial centre in the country of the Contractual Currency (or, in the case of a ECP Note denominated or payable in euro, in the principal financial centre of a country which operates a clearing system in euro (the "**Payment Centre**")).
2. All payments in respect of this ECP Note will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature ("**Taxes**") imposed or levied in Ireland or the Republic of Italy or any jurisdiction in, from or through which payments under this ECP Note may be made, or any political sub-division or authority of or in any of Ireland or the Republic of Italy or any jurisdiction in, from or through which payments under this ECP Note may be made having power to tax or any political subdivision or taxing authority thereof or therein unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the bearer of this ECP Note after such withholding or deduction shall equal the respective amounts which would otherwise have been receivable in the absence of such withholding or deduction, except that no such additional amounts shall be payable:
- (i) for or on account of Imposta Sostitutiva (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 (as may be amended or supplemented) or any related implementing regulations; or
 - (ii) with respect to any ECP Notes presented for payment:
 - (A) in the Republic of Italy; or
 - (B) by or on behalf of a holder who is liable for such taxes or duties in respect of such ECP Note by reason of his having some connection with Ireland or, as the case may be, the Republic of Italy other than the mere holding of such ECP Note; or
 - (C) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such ECP Note by making a declaration of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so; or
 - (D) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such ECP Note for payment on such thirtieth day assuming that day to have been a Payment Business Day (as defined below); or
 - (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant ECP Note to another Paying Agent in a Member State of the European Union.
- "**Relevant Date**" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Principal Paying Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the holders of the ECP Notes in accordance with the terms of the ECP Notes.
3. If the Maturity Date or, if applicable, the relevant Interest Payment Date is not a Payment Business Day (as defined herein), payment in respect hereof will not be made and credit or transfer instructions shall not be given until the next following Payment Business Day and the bearer of this ECP Note or the holder or beneficial owner of any interest herein or rights in respect hereof shall not be entitled to any interest or other sums in respect of such postponed payment. "**Payment Business Day**", as used herein, shall mean any day, other than a Saturday or a Sunday, on which (a) deposits in the relevant currency may be dealt in on the London interbank market, (b) commercial banks are open for general business in London and in the place of payment for the relevant currency, (c) on which both Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or any relevant clearing system are operating and (d) in relation to a payment to be made in euro, a day on which, in addition to the foregoing, the TARGET system is operating credit or transfer instructions in respect of payments in euro (a "**euro Business Day**"). "**TARGET**" means the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system or any successor thereto.
4. This ECP Note is negotiable and, accordingly, title hereto shall pass by delivery and the bearer shall be treated as being absolutely entitled to receive payment upon due presentation hereof free and clear of any equity, set-off or counterclaim on the part of the Issuer against any previous bearer hereof.

- 1 Not to exceed 364 days from the Issue date.
- 2 Complete for ECP Notes other than index linked ECP Notes.
- 3 Complete for index linked ECP Notes only.
- 4 Complete for fixed rate interest bearing ECP Notes only.
- 5 Complete for floating rate interest bearing and index linked ECP Notes only.
- 6 Complete for interest bearing ECP Notes if interest is payable before maturity Date.
- 7 Complete for interest bearing Yen denominated ECP Notes only.
- 8 Delete as appropriate. The Reference Rate should always be LIBOR unless the Note is denominated in euro and the Issuer and the relevant Dealer agree EURIBOR should be used instead.

5. This ECP Note constitutes direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank at least equally with all other present and future unsecured and unsubordinated indebtedness of the Issuer save for such obligations as may be preferred by mandatory provisions of applicable law.
6. If this is an interest bearing ECP Note, then:
- (a) notwithstanding the provisions of paragraph 1 above, if any payment of interest in respect of this ECP Note falling due for payment prior to the Maturity Date remains unpaid on the fifteenth day after falling so due, the amount referred to in paragraph 1 (a) or (b) above shall be payable on such fifteenth day; and
 - (b) upon each payment of interest (if any) prior to the Maturity Date in respect of this ECP Note, the Schedule hereto shall be duly completed by or on behalf of the Principal Paying Agent to reflect such payment.
7. If this ECP Note is a Fixed Rate ECP Note, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:
- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or if market practice so dictates (as determined by the Principal Paying Agent), 365 days at the Fixed Interest Rate specified above with the resulting figure being rounded to the nearest amount of the relevant currency which is available as legal tender in the country or countries (in the case of the euro) of the relevant currency (with halves being rounded upwards); and
 - (b) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is an "**Interest Period**" for the purposes of this paragraph.
8. If this ECP Note is a Floating Rate ECP Note and specifies LIBOR as the Reference Rate, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:
- (a) interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days or if market practice so dictates (as determined by the Principal Paying Agent), 365 days at a rate (the "**Rate of Interest**") determined on the following basis:
 - (i) if this ECP Note is denominated in euro, the second euro Business Day before the beginning of each Interest Period or if this ECP Note is denominated in any other currency the second Business Day (as defined below) before the beginning of each Interest Period (each a "**LIBOR Interest Determination Date**") the relevant Calculation Agent will determine the offered rate for deposits in the Contractual Currency in the London interbank market for the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page LIBOR01 on the Reuters Monitor (or such other page or service as may replace it for the purpose of displaying London interbank offered rates of major banks for deposits in the Contractual Currency for a duration approximately equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if on any LIBOR Interest Determination Date for any reason such offered rate is unavailable, the Calculation Agent will request each of the Reference Banks (or failing that one of the Reference Banks) to provide its offered quotation to leading banks in the London interbank market for deposits in the Contractual Currency for a duration approximately equal to the Interest Period concerned as at 11.00 a.m. (London time) on the LIBOR Interest Determination Date in question. The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (i) or (ii) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied;
 - (b) the Calculation Agent will, as soon as practicable after 11.00 a.m. (London time) on each LIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal Amount or Nominal Amount (as applicable) of one ECP Note of each Denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360 or, if market practice so dictates (as determined by the Principal Paying Agent), by 365 and rounding the resulting figure to the nearest amount of the Contractual Currency which is available as legal tender in the country of the Contractual Currency (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error or fraud) be final and binding upon all parties;
 - (c) a certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall (in the absence of manifest error) be conclusive and binding as between the Issuer and the bearer hereof;
 - (d) the period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph;
 - (e) the Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be given as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this ECP Note or, if that is not possible, it will be published in the **Financial Times** or in another leading London daily newspaper; and
 - (f) as used above, "**Business Day**" means any day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in New York and London.
9. If this ECP Note is a Floating Rate ECP Note and specifies EURIBOR as the Reference Rate, interest shall be calculated on the Principal Amount or Nominal Amount (as applicable) as follows:
- (a) Interest shall be payable on the Principal Amount or Nominal Amount (as applicable) in respect of each successive Interest Period (as defined below) from the Issue Date to the Maturity Date only, in arrear on the relevant Interest Payment Date, on the basis of the actual number of days in such Interest Period and a year of 360 days at a rate (the "**Rate of Interest**") determined on the following basis:
 - (i) on the second euro Business Day (as defined in paragraph 3 above) before the beginning of each Interest Period (each a "**EURIBOR Interest Determination Date**") the relevant Calculation Agent will determine the European Interbank Offered Rate for deposits in euro for the Interest Period concerned as at 11.00 a.m. (Brussels time) on the EURIBOR Interest Determination Date in question. Such offered rate will be that which appears on the display designated as page LIBOR01 on the Reuters Monitor (or such other page or service as may replace it for the purpose of displaying European Interbank Offered Rates of prime banks in the euro-zone (as defined below) for deposits in euro for a duration equal to the Interest Period). The Rate of Interest for such Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) the rate which so appears, as determined by the Calculation Agent;
 - (ii) if on any EURIBOR Interest Determination Date for any reason such offered rate is unavailable, the Calculation Agent will request the principal euro-zone office of each of the Reference Banks (or failing that one of the Reference Banks) to provide its offered quotation to leading banks in the euro-zone interbank market for deposits in euro for a duration approximately equal to the Interest Period concerned as at 11.00 a.m. (Brussels time) on the Interest Determination Date in question. The Rate of Interest for such EURIBOR Interest Period shall be the Margin (expressed as a percentage rate per annum) above (if a positive number) or below (if a negative number) such quotation (if only one is provided) or the arithmetic mean (rounded, if necessary, up to the nearest four decimal places) of such quotations (if two or more are so provided), as determined by the Calculation Agent; and
 - (iii) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with (i) or (ii) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which (i) or (ii) above shall have applied.

For the purposes of this ECP Note "**euro-zone**" means the region comprised of the countries whose lawful currency is the euro.
 - (b) The Calculation Agent will, as soon as practicable after 11.00 a.m. (Brussels time) on each EURIBOR Interest Determination Date, determine the Rate of Interest and calculate the amount of interest payable (the "**Amount of Interest**") for the relevant Interest Period. The Amount of Interest shall be calculated by applying the Rate of Interest to the Principal or Nominal Amount (as applicable) of one ECP Note of each Denomination, multiplying such product by the actual number of days in the Interest Period concerned divided by 360, and rounding the resulting figure to the nearest cent. (with halves being rounded upwards). The determination of the Rate of Interest and the Amount of Interest by the Calculation Agent shall (in the absence of manifest error or fraud) be final and binding upon all parties.
 - (c) A certificate of the Calculation Agent as to the Rate of Interest payable hereon for any Interest Period shall (in the absence of manifest error) be conclusive and binding as between the Issuer and the bearer hereof.

- (d) The period beginning on (and including) the Issue Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is called an "**Interest Period**" for the purposes of this paragraph.
- (e) The Issuer will procure that a notice specifying the Rate of Interest payable in respect of each Interest Period be published as soon as practicable after the determination of the Rate of Interest. Such notice will be delivered to the bearer of this ECP Note or, if that is not possible, it will be published in the *Financial Times* or in another leading London daily newspaper.
10. Repayment of the principal and payment of any interest or premium in connection with this ECP Note has been guaranteed by the Guarantor under a guarantee dated 12th November, 2003, copies of which may be inspected during normal business hours at the office of the Principal Paying Agent referred to above.
11. Instructions for payment must be received at the offices of the relevant paying agent together with this ECP Note as follows:
- (a) if this ECP Note is denominated in Australian dollars, New Zealand dollars, Hong Kong dollars or Japanese Yen, at least two Payment Business Days prior to the relevant payment date;
- (b) if this ECP Note is denominated in United States dollars or Canadian dollars, on or prior to the relevant payment date; and
in all other cases, at least one Payment Business Day prior to the relevant payment date.
12. No person shall have any right to enforce any term or condition of this ECP Note by virtue of the Contracts (Rights of Third Parties) Act 1999.
13. This ECP Note shall not be validly issued unless manually authenticated by Deutsche Bank AG London as Issue Agent.
14. This ECP Note is governed by, and shall be construed in accordance with, English law. For the exclusive benefit of the bearer, the Issuer hereby irrevocably agrees that the courts of England shall have jurisdiction to settle any disputes which may arise out of or in connection with this Global ECP Note and that accordingly any suit, action or proceedings (together referred to as "**Proceedings**") arising out of or in connection with this Global ECP Note may be brought in such courts. The Issuer hereby irrevocably waives any objection which it may have to the laying of the venue of any Proceedings in any such courts and any claim that any such Proceedings have been brought in an inconvenient forum and hereby further irrevocably agrees that a judgment in any Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction. Nothing contained herein shall limit any right to take Proceedings against the Issuer in any other court of competent jurisdiction, nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction, whether concurrently or not, to the extent permitted by applicable law. The Issuer hereby appoints Banca Intesa S.p.A., London Branch at 90 Queen Street, London EC4N 1SA or, at any address of the Issuer in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985, in the event of Banca Intesa S.p.A., London Branch ceasing so to act, it will appoint another person as its agent for service of process in England in respect of any Proceedings.

Signed in facsimile on behalf of
INTESA BANK IRELAND p.l.c.

By: _____
(*Authorised Signatory*)

AUTHENTICATED by
DEUTSCHE BANK AG LONDON
without recourse, warranty or liability
and for authentication purposes only

By: _____
(*Authorised Signatory*)

SCHEDULE

Payments of Interest

The following payments of interest in respect of this ECP Note have been made:

| Date Made | Payment From | Payment To | Amount Paid | Notation on behalf of Principal Paying Agent |
|------------------|---------------------|-------------------|--------------------|---|
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PART 3

Form of DTC Master USCP Note

CORPORATE COMMERCIAL PAPER

MASTER NOTE

[]
(Date of Issuance)

Intesa Funding LLC ("**Issuer**"), for value received, hereby promises to pay to Cede & Co., as nominee of The Depository Trust Company, or to registered assigns: (i) the principal amount, together with unpaid accrued interest thereon, if any, on the maturity date of each obligation identified on the records of Issuer ("**Underlying Records**") as being evidenced by this Master Note, which Underlying Records are maintained by Deutsche Bank Trust Company Americas or such successor as shall be appointed by Issuer ("**Paying Agent**"); (ii) interest on the principal amount of each such obligation that is payable in instalments, if any, on the due date of each instalment, as specified on the Underlying Records; and (iii) the principal amount of each such obligation that is payable in instalments, if any, on the due date of each instalment, as specified on the Underlying Records. Interest shall be calculated at the rate and according to the calculation convention specified on the Underlying Records. Payments shall be made by wire transfer to the registered owner from Paying Agent without the necessity of presentation and surrender of this Master Note.

REFERENCE IS HEREBY MADE TO THE FURTHER PROVISIONS OF THIS MASTER NOTE SET FORTH ON THE REVERSE HEREOF.

This Master Note is a valid and binding obligation of Issuer.

Not valid unless countersigned for authentication by Paying Agent.

DEUTSCHE BANK TRUST COMPANY AMERICAS

DEUTSCHE BANK TRUST COMPANY AMERICAS
(Paying Agent)

By: _____
(Authorized Countersignature)

INTESA FUNDING LLC
(Issuer)

By: _____
(Authorized Signature)

BANCA INTESA S.p.A.
(Guarantor)

By: _____
(Authorized Signature)

At the request of the registered owner, Issuer shall promptly issue and deliver one or more separate note certificates evidencing each obligation evidenced by this Master Note. As of the date any such note certificate or certificates are issued, the obligations which are evidenced thereby shall no longer be evidenced by this Master Note.

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Name, address and Taxpayer Identification Number of Assignee)

this Master Note and all rights thereunder, hereby irrevocably constituting and appointing _____ Attorney to transfer this Master Note on the books of Issuer with full power of substitution in the premises.

Dated:

(Signature)

Signature(s) Guaranteed:

Notice: The signature on this assignment must correspond with the name as written upon the face of this Master Note, in every particular, without alteration or enlargement or any change whatsoever.

Unless this certificate is presented by an authorized representative of The Depository Trust Company, a New York corporation ("**DTC**"), to Issuer or its agent for registration of transfer, exchange, or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of DTC (and any payment is made to Cede & Co. or to such other entity as is requested by an authorized representative of DTC), ANY TRANSFER, PLEDGE, OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL inasmuch as the registered owner hereof, Cede & Co., has an interest herein.

FORM OF GUARANTEE

THIS DEED OF GUARANTEE is made on 12th November, 2003

BY: **BANCA INTESA S.p.A.** (the "**Guarantor**")

IN FAVOUR OF:

- (1) **THE HOLDERS** for the time being and from time to time of the Notes referred to below (each a "**Noteholder**" or the "**holder**" of a Note); and
- (2) **THE RELEVANT ACCOUNT HOLDERS** (as defined below) (together with the Noteholders, the "**Beneficiaries**" and each a "**Beneficiary**").

WHEREAS:

- (A) The Guarantor, Intesa Bank Ireland p.l.c. (the "**ECP Issuer**") and Intesa Funding LLC (the "**USCP Issuer**" and, together with the ECP Issuer, the "**Issuers**") established a programme (the "**Programme**") under which (i) the ECP Issuer may (*inter alia*), from time to time, issue euro-commercial paper (the "**ECP Notes**") sold outside the United States pursuant to Regulation S of the United States Securities Act of 1933, as amended (the "**Securities Act**") and (ii) the USCP Issuer may (*inter alia*), from time to time, issue U.S. dollar denominated commercial paper (the "**USCP Notes**" and, together with the ECP Notes, the "**Notes**"), sold in transactions not involving a public offering, in reliance on the exemption from registration contained in Section 3(a)(3) of the Securities Act.
- (B) Each issue of ECP Notes may be represented initially by a global note (each a "**Global Note**") which will be exchangeable for notes in definitive form only in the limited circumstances specified in the relevant Global Note, and the USCP Notes will be issued in book-entry form and represented by master note certificates(s).
- (C) Each Global Note will be delivered to a depositary or a common depositary for Euroclear Bank, S.A./N.V., as operator of the Euroclear system ("**Euroclear**") and/or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or to a depositary for any other clearing system as may be agreed from time to time between the ECP Issuer, the dealer appointed to the Programme and the ECP Agent (as defined below). The USCP Notes will be recorded through the book-entry system of The Depository Trust Company.
- (D) The ECP Issuer will, in relation to the ECP Notes insofar as represented by a Global Note, enter into a deed of covenant (as amended or supplemented from time to time, the "**Deed of Covenant**").
- (E) The Guarantor has agreed herein to guarantee the payment of all sums expressed to be payable from time to time by each Issuer to the Noteholders in respect of the Notes and to the Relevant Account Holders under the Deed of Covenant.

THIS DEED OF GUARANTEE WITNESSES AS FOLLOWS:

1. Interpretation

1.1 In this Deed:

"**Direct Rights**" means the rights acquired by a Relevant Account Holder by virtue of Clause 1 of the Deed of Covenant;

"**ECP Agency Agreement**" means the issue and paying agency agreement for ECP Notes dated 12th November, 2003, among the ECP Issuer and Deutsche Bank AG London as agent (the "**ECP Agent**"), as such agreement may be amended or supplemented from time to time;

"**person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"Relevant Account Holder" has the meaning given in the Deed of Covenant;

"Relevant Date" means the date on which the relevant Global Note becomes void in accordance with its terms; and

"USCP Agency Agreement" means the commercial paper issuing and paying agent agreement for USCP Notes dated 12th November, 2003, among the USCP Issuer, the Guarantor and Deutsche Bank Trust Company Americas as agent (the **"USCP Agent"**), as such agreement may be amended or supplemented from time to time.

- 1.2 Any reference in this Deed to a Clause is, unless otherwise stated, to a clause hereof.
- 1.3 Headings and sub-headings are for ease of reference only and shall not affect the construction of this Deed.

2. Guarantee and Indemnity

2.1 The Guarantor hereby unconditionally and irrevocably guarantees:

2.1.1 to each holder of a Note the due and punctual payment of principal, interest and all other sums from time to time payable in respect of such Note by each Issuer thereof as and when the same become due and payable, and accordingly undertakes to pay to such Noteholder, in the manner and currency prescribed by such Note, any and every sum or sums which such Issuer is at any time liable to pay in respect of such Note; and

2.1.2 to each Accountholder the due and punctual payment of principal, interest and all other sums from time to time payable by the ECP Issuer to such Accountholder in respect of the Direct Rights as and when the same become due and payable, and accordingly undertakes to pay to such Accountholder, in the manner and currency prescribed pursuant to the Deed of Covenant, any and every sum or sums which the ECP Issuer is at any time liable to pay to such Accountholder in respect of the Direct Rights.

2.2 The Guarantor undertakes to each Beneficiary that in the event of a default in payment of principal, interest (if applicable) or liquidation preference if any sum referred to in Clause 2.1 is not recoverable from the Issuers thereunder for any reason whatsoever (including, without limitation, by reason of any Note, the Deed of Covenant or any provision thereof being or becoming void, unenforceable or otherwise invalid under any applicable law), then, notwithstanding that the same may have been known to such Beneficiary, the Guarantor will, as principal obligor, pay such sum by way of a full indemnity in the manner and currency as is provided for in such Note or the Deed of Covenant (as the case may be). This indemnity constitutes a separate and independent obligation from the other obligations under this Deed and shall give rise to a separate and independent cause of action. The Guarantor irrevocably and unconditionally undertakes to indemnify each Beneficiary against any loss or liability suffered by it if any obligation guaranteed by the Guarantor is or becomes unenforceable, invalid or illegal.

3. Taxes and Withholdings

(a) All payments by the Guarantor in respect of the Notes and the Direct Rights under this Deed shall be made without withholding of or deduction for or on account of any present or future taxes, duties, assessments or governmental charges of whatsoever nature imposed or levied by or on behalf of Ireland or the Republic of Italy or any political sub-division or authority of or in any of Ireland or the Republic of Italy or any jurisdiction in, from or through which payments under this Deed may be made having power to tax, unless the Guarantor is compelled by law to withhold or deduct any such taxes, duties, assessments or governmental charges. In that event, the Guarantor shall pay such additional amounts as may be necessary in order that the net amounts receivable by the relevant Beneficiaries after such withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes and/or the Direct Rights, as the case may be, in the absence of such withholding or deduction, except that no such additional amount shall be payable to any Beneficiary:

- (i) for or on account of Imposta Sostitutiva (at the then applicable rate of tax) pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 (as may be amended or supplemented) or any related implementing regulations; or
- (ii) with respect to any Notes presented for payment:
 - (A) in Ireland or, as the case may be the Republic of Italy; or
 - (B) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or such Direct Rights, as the case may be, by reason of his having some connection with Ireland or, as the case may be the Republic of Italy other than the mere holding of such Note or having the benefit of the Deed of Covenant, as the case may be; or
 - (C) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note or Direct Rights, as the case may be, by making a declaration of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so; or
 - (D) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such Note for payment on such thirtieth day assuming that day to have been a Business Day; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union.

4. Preservation of Rights

- 4.1 The obligations of the Guarantor hereunder shall be deemed to be undertaken as principal obligor and not merely as surety.
- 4.2 The obligations of the Guarantor hereunder shall be continuing obligations notwithstanding any settlement of account or other matter or thing whatsoever and, in particular but without limitation, shall not be considered satisfied by any intermediate payment or satisfaction of all or any of the obligations of the Issuers under or in respect of any Note or the Deed of Covenant and shall continue in full force and effect until all sums due from the Issuers in respect of each Note and the Deed of Covenant have been paid. Furthermore, these obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any Beneficiary, whether from the Guarantor or otherwise.
- 4.3 Neither the obligations expressed to be assumed by the Guarantor herein nor the rights, powers and remedies conferred upon the Beneficiaries by this Deed or by law shall be discharged, impaired or otherwise affected by:
 - 4.3.1 the winding-up, liquidation, bankruptcy, moratorium or dissolution of an Issuer or analogous proceeding in any jurisdiction or any change in its status, function, control or ownership; or
 - 4.3.2 any of the obligations of an Issuer under any of the Notes or the Deed of Covenant being or becoming illegal, invalid or unenforceable; or
 - 4.3.3 any time or other indulgence being granted or agreed to be granted to an Issuer in respect of its obligations under or in respect of the Notes or the Deed of Covenant; or

- 4.3.4 any amendment to, or any variation, waiver or release of, any obligation of an Issuer under any of the Notes or the Deed of Covenant or any security or other guarantee or indemnity in respect thereof; or
- 4.3.5 any other act, event or omission which, but for this sub-clause, might operate to discharge, impair or otherwise affect the obligations expressed to be assumed by the Guarantor herein or any of the rights, powers or remedies conferred upon the Beneficiaries or any of them by this Deed or by law.
- 4.4 (a) Any settlement or discharge between the Guarantor and the Beneficiaries or any of them shall be conditional upon no payment to the Beneficiaries or any of them by an Issuer or any other person on behalf of an Issuer being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency or liquidation for the time being in force and, in the event of any such payment being so avoided or reduced, the Beneficiaries shall each be entitled to recover the amount by which such payment is so avoided or reduced from the Guarantor subsequently as if such settlement or discharge had not occurred.
- (b) Each Beneficiary may concede or compromise any claim that any payment, security or other disposition is liable to avoidance or restoration.
- 4.5 No Beneficiary shall be obliged before exercising any of the rights, powers or remedies conferred upon it by this Deed or by law:
- 4.5.1 to make any demand of an Issuer, other than the presentation of the relevant Note; or
- 4.5.2 to take any action or obtain judgment in any court against an Issuer; or
- 4.5.3 to make or file any claim or proof in a winding-up or dissolution of an Issuer,
- and, save as aforesaid, the Guarantor hereby expressly waives presentment, demand, protest, and notice of dishonour in respect of each Note.
- 4.6 The Guarantor agrees that, so long as any sums are owed by an Issuer in respect of the Notes or under the Deed of Covenant, the Guarantor shall not exercise any right which the Guarantor may at any time have by reason of performance by the Guarantor of its obligations hereunder:
- 4.6.1 to be indemnified by such Issuer; and/or
- 4.6.2 to claim any contribution from any other guarantor of the obligations of such Issuer under or in respect of such Notes or the Deed of Covenant; and/or
- 4.6.3 to be subrogated to the rights of any Beneficiary against such Issuer in respect of amounts paid by the Guarantor under this Deed; and/or
- 4.6.4 to claim, rank, prove or vote as a creditor of such Issuer or its estate in competition with any Beneficiary (or any trustee or agent on its behalf); and/or
- 4.6.5 to receive, claim or have the benefit of any payment, distribution or security from or on account of such Issuer, or exercise any right of set-off as against such Issuer.
- 4.7 The Guarantor undertakes that its obligations hereunder will constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank at least equally with all other present and future unsecured and unsubordinated obligations of the Guarantor including any other guarantees given by the Guarantor, save for such obligations as may be preferred by mandatory provisions of applicable law.
- 4.8 The Guarantor represents and warrants that all necessary governmental consents and authorisations for the giving and implementation of this Guarantee have been obtained.

- 4.9 Until all amounts which may be or become payable by the Issuers under or in connection with any Notes and/or the Deed of Covenant have been irrevocably paid in full, each Beneficiary (or any trustee or agent on its behalf) may:
- (a) refrain from applying or enforcing any other moneys, security or rights held or received by that Beneficiary (or any trustee or agent on its behalf) in respect of those amounts, or apply and enforce the same in such manner and order as it sees fit (whether against those amounts or otherwise), and the Guarantor shall not be entitled to the benefit of the same; and
 - (b) hold in a suspense account any moneys received from the Guarantor or on account of the Guarantor's liability under this Deed, without liability to pay interest on those moneys.

5. Deposit of Guarantee

This Deed shall be deposited with and held by both the ECP Agent and the USCP Agent until the date on which all the obligations of the Issuers and the Guarantor under or in respect of any Notes and the Deed of Covenant have been discharged in full. The Guarantor hereby acknowledges the right of every Beneficiary to the production of a copy of this Deed.

6. Stamp Duties

The Guarantor shall pay all stamp, registration and other similar taxes and duties (including any interest and penalties thereon or in connection therewith) which may be payable on or in connection with the execution and performance of this Deed.

7. Benefit of Guarantee

- 7.1 This Deed shall take effect as a deed poll for the benefit of the Beneficiaries from time to time.
- 7.2 This Deed shall enure to the benefit of each Beneficiary and its (and any subsequent) successors and assigns, each of which shall be entitled severally to enforce this Deed against the Guarantor.
- 7.3 The Guarantor shall not be entitled to assign or transfer all or any of its rights, benefits and obligations hereunder. Each Beneficiary shall be entitled to assign all or any of its rights and benefits hereunder.

8. Partial Invalidity

If at any time any provision hereof is or becomes illegal, invalid or unenforceable in any respect under the laws of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions hereof nor the legality, validity or enforceability of such provision under the laws of any other jurisdiction shall in any way be affected or impaired thereby.

9. Notices

- 9.1 All notices, demands under Clause 2 and other communications hereunder shall be made in writing (by letter or fax) and shall be sent to the Guarantor at:

Piazzetta, Belgioioso, 1
20121 Milan
Italy

Telephone: +39 02 8540 9364/9351
Fax: +39 02 8540 9067
Attention: M. Elena Zappa / Claudio De Lucia – Finance and Treasury International Funding

or to such other address or fax number or for the attention of such other person or department as the Guarantor has notified to the Beneficiaries.

9.2 Any notice, demand or other communication sent in accordance with Clause 9.1 shall be effective upon receipt by the Guarantor, provided that any such notice, demand or other communication which would otherwise take effect on either a day which is not a business day or after 4.00 p.m. on any day which is a business day shall not take effect until 10.00 a.m. on the immediately succeeding business day.

10. Third Party Rights

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

11. Law and Jurisdiction

11.1 This Deed is governed by, and shall be construed in accordance with, English law.

11.2 The Guarantor agrees for the benefit of the Beneficiaries that the courts of England and (to the extent to which Proceedings or Disputes (as defined below) involve USCP Notes) the United States Federal Courts or the courts of the State of New York sitting in the Borough of Manhattan shall have jurisdiction to hear and determine any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deed (respectively, "**Proceedings**" and "**Disputes**") and, for such purposes, irrevocably submits to the jurisdiction of such courts.

11.3 The Guarantor irrevocably waives any objection which it might now or hereafter have to the courts of England or (to the extent provided above) the courts of New York being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and agrees not to claim that any such court is not a convenient or appropriate forum.

11.4 The Guarantor agrees that the process by which any Proceedings in England are begun may be served on it by being delivered to Banca Intesa S.p.A., London Branch at 90 Queen Street, London EC4N 1SA or at any address of the Guarantor in Great Britain at which process may be served on it in accordance with Part XXIII of the Companies Act 1985 with a copy of any document delivered on such service being also delivered to the Guarantor. If such person is not, or ceases to be, effectively appointed to accept service of process on the Guarantor's behalf, the Guarantor shall, on the written demand of any Beneficiary, appoint a further person in England to accept service of process on its behalf in England. Nothing in this sub-clause shall affect the right of any Beneficiary to serve process in any other manner permitted by law.

11.5 The Guarantor agrees that the process by which any Proceedings in the State of New York are begun may be served on it by being delivered to Banca Intesa S.p.A., New York Branch at One William Street, New York, NY 10004 or, if different, its registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on behalf of each Issuer, each Issuer shall appoint a further person in the United States to accept service of process on their behalf and, failing such appointment within 15 days, any Beneficiary shall be entitled to appoint such a person by written notice to the Guarantor. Nothing in this paragraph shall affect the right of any Beneficiary to serve process in any other manner permitted by law. The Guarantor further hereby irrevocably consents and agrees to the service of any and all legal process, summons, notices and documents out of any of the aforesaid courts in any such action, suit or proceeding by serving a copy thereof upon the agent for service of process referred to in this Clause 11.5 (whether or not the appointment of such agent shall for any reason prove to be ineffective or such agent shall accept or acknowledge such service) or by mailing copies thereof by registered or certified airmail, postage prepaid, to it at its address specified in or designated pursuant to this Deed. The Guarantor agrees that the failure of any such designee, appointee and agent to give any notice of such service to it shall not impair or affect in any way the validity of such service or any judgment rendered in any action or proceeding based thereon.

11.6 The submission to the jurisdiction of the courts of England or (to the extent provided above) the courts of New York shall not (and shall not be construed so as to) limit the right of the Beneficiaries or any of them to take Proceedings in any other court of competent jurisdiction, nor shall the taking

of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not) if and to the extent permitted by law.

IN WITNESS whereof this Deed of Guarantee has been executed by the Guarantor and is intended to be and is hereby delivered on the date first before written.

EXECUTED as a deed
by Banca Intesa S.p.A.
acting by
acting on the authority of that company
in the presence of:

}

Signature of witness:

Name of witness:

Address:

Occupation:

TAXATION

Italian Taxation

The statements herein regarding taxation are based on the laws in force in Italy as at the date of this Information Memorandum and are subject to any changes in law occurring after such date, which changes could be made on a retroactive basis. The following summary does not purport to be a comprehensive description of all the tax considerations which may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and does not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or commodities) may be subject to special rules. Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of their ownership of the Notes.

Tax treatment of the Notes - Italian resident Noteholders

Legislative Decree No. 239 of 1st April, 1996, as subsequently amended (**Decree 239**), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from, inter alia, notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) having an original maturity of less than 18 months issued by non-Italian resident issuers.

In particular, interest, premium and other income relating to the Notes, accrued during the relevant holding period, and paid to certain Italian resident Noteholders, are subject to a tax withheld at source, referred to as *imposta sostitutiva*, levied at the rate of 27 per cent.

Neither the Issuer nor the Guarantor is required under the terms of the Notes or the Guarantee to pay additional amounts in respect of *imposta sostitutiva*.

Where the Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected (unless he has opted for the application of the "*risparmio gestito*" regime - see under "Capital gains tax", below); (ii) a non-commercial partnership; (iii) a non-commercial private or public institution; (iv) a real estate investment fund established before 26th September, 2001 in respect of which the relevant managing company has not opted for the taxation regime described below; (v) an investor exempt from Italian corporate income taxation; (vi) a pension fund (subject to the regime provided for by articles 14, 14ter and 14quater, paragraph 1, of Legislative Decree No. 124 of 21st April, 1993); (vii) an open-ended or closed-ended investment fund or (viii) a *SICAV*, interest, premium and other income relating to the Notes, accrued during the relevant holding period, are subject to a tax withheld at source, referred to as *imposta sostitutiva*, levied at the rate of 27 per cent. If the Noteholders described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Pursuant to article 6 of Law Decree No. 351 of 25th September, 2001, converted with amendments into Law No. 410 of 23rd November, 2001, Italian real estate investment funds established on or after 26th September, 2001 are subject to a substitute tax at the rate of one per cent. levied on the net value of the fund. Interest, premium and other income from the Notes, as well as the value of such Notes, will contribute to determine such net value. The tax is paid by the company managing the fund (**SGR**). The new regime also applies to those Italian real estate investment funds established before 26th September, 2001 whose managing company has so requested by 25th November, 2001.

Where an Italian resident Noteholder is a company or similar commercial entity and the Notes are deposited with an authorised intermediary, interest, premium and other income from the Notes will not be subject to *imposta sostitutiva*, but must be included in the relevant Noteholder's income tax return and are therefore subject to general Italian corporate taxation (and, in certain circumstances, depending on the "status" of the Noteholder, also to IRAP - the regional tax on productive activities).

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, SIMs, fiduciary companies, SGRs, stockbrokers and other entities identified by a decree of the Ministry of Economy and Finance (each an **Intermediary**).

An Intermediary must (i) be resident in Italy or be a permanent establishment in Italy of a non-Italian resident financial intermediary; and (ii) intervene, in any way, in the collection of interest or in the transfer of the Notes. For the purpose of the application of the *imposta sostitutiva*, a transfer of Notes includes any assignment or other act, either with or without consideration, which results in a change of the ownership of the relevant Notes or in a change of the Intermediary with which the Notes are deposited.

Where the Notes are not deposited with an Intermediary, the *imposta sostitutiva* is applied and withheld by any entity paying interest to a Noteholder.

Tax Treatment of the Notes - Non-Italian resident Noteholders

No Italian *imposta sostitutiva* is applied on payments to a non-Italian resident Noteholder of interest or premium relating to the Notes provided that, if the Notes are held in Italy, the non-Italian resident Noteholder declares itself to be a non-Italian resident according to Italian tax regulations.

Payments made by an Italian resident guarantor

With respect to payments on the Notes made to certain Italian resident Noteholders by an Italian resident guarantor, in accordance with one interpretation of Italian tax law, any payment of liabilities equal to interest and other proceeds from the Notes may be subject to a provisional withholding tax at a rate of 12.5 per cent. pursuant to Presidential Decree No. 600 of 29th September, 1973, as subsequently amended. In case of payments to non-Italian resident Noteholders, the withholding tax may be applied at (i) 12.5 per cent. if the payment is made to non-Italian resident Noteholders, other than those mentioned under (ii); or (ii) 27 per cent. if payments are made to non-Italian resident Noteholders who are resident in "tax haven" countries (as defined and listed in Ministerial Decree 23rd January, 2002, as amended from time to time). Double taxation treaties entered into by Italy may apply allowing for a lower (on, in certain cases, nil) rate of withholding tax. In accordance with another interpretation, which is based on the general principles and likely should prevail, any such payment made by the Italian resident guarantor will be treated, in certain circumstances, as a payment by the Issuer and will thus be subject to the tax regime described in the previous paragraphs of this section.

Enforcement of Judgements in Italy

If any judgement rendered in connection with the Notes were to be enforced in Italy, a nominal stamp duty on the judgement and a registration tax not exceeding three per cent. of the amount shown in the judgement to be enforced in Italy would be payable.

Irish Taxation

The following summary of the anticipated tax treatment in Ireland in relation to the payments on the Notes is based on the taxation law and practice in force at the date of this document. It does not purport to be, and is not, a complete description of all of the tax considerations that may be relevant to a decision to subscribe for, buy, hold, sell, redeem or dispose of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and the Interest on them. Prospective investors should consult their own professional advisers on the implications of subscribing for, buying, holding, selling, redeeming or disposing of Notes and the receipt of interest and distributions (whether or not on a winding-up) with respect to such Notes under the laws of the jurisdictions in which they may be liable to taxation. Prospective investors should be aware that the anticipated tax treatment in Ireland summarised below may change.

1. Irish Withholding Tax on the ECP Notes

Payments of interest in respect of ECP Notes issued may be made without deduction or withholding tax where the maturity of the Notes is less than one year.

1.1 Deposit Interest Retention Tax (DIRT)

A relevant deposit taker (as defined by Section 256 of the Taxes Consolidation Act 1997 (the **Taxes Act**)) such as the ECP Issuer is obliged to withhold standard rate income tax (currently 20%) from certain interest payments or other returns on a relevant deposit.

The Irish Revenue Commissioners agree that DIRT which would otherwise be applicable will not apply to interest or other returns paid in respect of unquoted commercial paper such as the ECP Notes to persons not resident in Ireland who are beneficially entitled to the interest or other returns, subject to certain specified conditions which are set out in the Selling Restrictions or below. These conditions require that:-

- (i) as far as primary sales of any ECP Notes issued by IBI are concerned, the ECP Dealers as a matter of contract undertake to IBI that their action in any jurisdiction will comply with the then applicable laws and regulations and that the ECP Dealers will also undertake as a matter of contract to IBI that they will not knowingly make primary sales (or knowingly offer to do so, or distribute any material in that connection in Ireland) to any Irish residents or persons;
- (ii) the deposits are cleared through Euroclear or Clearstream, Luxembourg or any other clearing system recognised for this purpose by the Revenue (save that such deposits represented by definitive bearer ECP Notes may be taken out of Euroclear and Clearstream, Luxembourg and cleared outside those systems, it being acknowledged that definitive bearer ECP Notes may be issued in exchange for interests in a Global Note held in Euroclear or Clearstream, Luxembourg (in accordance with the terms of the Global Note); and
- (iii) each ECP Note will have a minimum denomination of €500,000 or its equivalent.

1.2 Encashment Tax

In the case of the USCP Notes, where the consideration given by the USCP Issuer for the use of the principal secured is dependent on the results of the USCP Issuer's business, interest on any USCP Note issued by the USCP Issuer paid:

- (a) by a paying agent in Ireland; or
- (b) to an agent in Ireland on behalf of a holder of the relevant USCP Note,

will be subject to a withholding for Irish income tax at the standard rate (currently 20%) unless it is proved, on a claim made in the required manner to the Irish Revenue Commissioners, that the beneficial owner of the relevant USCP Note and entitled to interest is not resident in Ireland and such interest is not deemed, under the provisions of Irish tax legislation, to be income of another person resident in Ireland.

1.3 Dividend Withholding Tax

In the case of the ECP Notes, where the consideration given by the ECP Issuer for the use of the principal secured is dependent on the results of the ECP Issuer's business, interest payments made will be deemed to be a distribution as prescribed by Section 130 of the Taxes Act, as amended. Accordingly, dividend withholding tax may apply.

Section 172D of the Taxes Act

This section provides that the Irish law provisions whereby an Irish resident company must withhold tax (currently 20%) when it makes a relevant distribution shall not apply in certain circumstances. Provided the requisite declarations in the prescribed format, are in place, the following are included in the categories of shareholders exempted from the scope of dividend withholding tax:

- (a) a person who is neither resident nor ordinarily resident in Ireland and is a resident of country with which Ireland has a double taxation agreement or is a resident of an EU Member State (other than Ireland);

- (b) companies which are ultimately controlled by persons who are resident in another EU Member State or tax treaty country;
- (c) companies not resident in Ireland which are themselves resident in an EU Member State or tax treaty country and are not under the control, whether directly or indirectly, of Irish residents; and
- (d) companies, the principal class of whose shares or the shares of its 75% parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance.

2. *Liability of Noteholders to Irish tax*

In general, persons who are resident and domiciled in Ireland are liable to Irish taxation on their world-wide income, which would include payments on the USCP Notes (as well as ECP Notes) when held by an Irish resident Noteholder, whereas persons who are not resident or ordinarily resident in Ireland are only liable to Irish taxation on their Irish source income. All persons are under a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

Interest payable in respect of the ECP Notes will be regarded as Irish source income on the basis that the ECP Issuer is resident in Ireland. Accordingly, pursuant to general Irish tax rules, such income would be technically liable to Irish income tax (and levies if received by an individual). Credit is available for any Irish tax withheld from income on account of the related income tax liability. Non-Irish tax resident companies, where the income is not attributable to a branch or agency of the company in Ireland, are subject to income tax at the standard rate (currently 20%). Therefore any withholding tax suffered should be equal to and in satisfaction of the full liability. However, individuals are liable to tax at a higher rate of tax (currently 42%) plus levies on taxable income exceeding a certain threshold, the level of which depends on their individual circumstances.

Section 198 of the Taxes Act

There is an exemption from Irish income tax under Section 198 of the Taxes Act in certain circumstances.

These circumstances include;

- (a) where the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a country with which Ireland has a double taxation agreement, or
- (b) where the interest is paid by a company in the course of carrying on relevant trading operations within the meaning of Section 446 (Relevant Trading Operations).

The exemption under Section 198 of the Taxes Act (**Section 198**) does not apply where the interest is paid to a foreign company carrying on business in Ireland through a branch or agency or a permanent establishment to which interest paid by the ECP Issuer is attributable. For individuals to qualify for the exemption in (b) above they must be not have been resident in Ireland for the preceding three consecutive tax years.

The Irish Revenue Commissioners agree that where interest on an ECP Note falls within the above, for the purposes of Section 198, any discount thereon will be treated in the same way as an interest payment on such an ECP Note provided that:

- (a) The Noteholder is not resident in Ireland,
- (b) The Noteholder is not chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the discount, and
- (c) The Noteholder is not liable to Irish corporation tax on income from an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland, to which the discount is attributable.

Applicable Double Tax Treaty

The majority of Ireland's double tax treaties (see above) exempt interest from Irish tax when received by a resident of the other jurisdiction. Thus, a Noteholder may be entitled to exemption from Irish income tax on interest, and in some cases, discounts, under the terms of a double tax treaty between Ireland and the jurisdiction in which the Noteholder is resident.

Section 153 of the Taxes Act

As mentioned above, in the case of the ECP Notes, where the consideration given by the ECP Issuer for the use of the principal secured is dependent on the results of the ECP Issuer's business, interest payments made will be deemed to be a distribution as prescribed by Section 130 of the Taxes Act. However, Section 153 of the Taxes Act ("Section 153") provides exemption from income tax on distributions for certain non-residents. The exempted non-residents are,

- (a) a person who is neither resident nor ordinarily resident in Ireland and is a resident of country with which Ireland has a double taxation agreement or is a resident of an EU Member State (other than Ireland);
- (b) A company which is not resident in Ireland and which is ultimately controlled by persons resident in another EU Member State or in a tax treaty country.
- (c) a company which is not resident in Ireland and is, by virtue of the law of a tax treaty country or an EU Member State, resident for the purposes of tax in that tax treaty country or EU Member State, but is not under the control, whether directly or indirectly, of Irish residents,
- (d) companies, the principal class of whose shares or the shares of its 75% parent, are substantially and regularly traded on a stock exchange, in a tax treaty country or an EU Member State or on such other stock exchange as may be approved of by the Minister for Finance.
- (e) a parent company in another EU Member State in respect of distributions made to it by its Irish resident subsidiary company where withholding tax on such distributions is prohibited under the EU Parent-Subsidiaries Directive.

Section 153 also provides that, if dividend withholding tax (see above) has been applied, and the recipient is an individual then no further Irish tax liability should exist.

Other Circumstances

If, however, the payments are not exempt and there is no double tax treaty between Ireland and the jurisdiction in which the Noteholder is resident, there is a technical liability to Irish income tax. However, there is no mechanism by which the Irish Revenue Commissioners can collect residual income tax. Therefore, it is understood that the Revenue Commissioners have, in the past, operated a practice (as a consequence of the absence of a collection mechanism rather than adopted policy) not to take action to pursue any liability to such residual tax in respect of persons who are not resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners will apply this practice in the case of the holders of ECP Notes, and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Irish Revenue Commissioners to issue or raise an assessment.

3. Capital Gains Tax

Provided the Notes do not derive their value, or the greater part of their value from certain Irish land or mineral rights, then a Noteholder will not be subject to Irish tax on capital gains provided that such Noteholder is neither resident nor ordinarily resident in Ireland and such Noteholder does not have an enterprise, or an interest in an enterprise, which carries on business in Ireland through a branch or agency, or a permanent representative, to which or to whom the Notes are attributable. Irish resident Noteholders may be liable to Irish tax on capital gains arising on disposals of USCP Notes, as well as ECP Notes.

4. Capital Acquisitions Tax

In circumstances where:

- (a) the Notes are comprised in a gift or inheritance taken from an Irish domiciled or resident disponent; or
- (b) if the disponent's successor is resident or ordinarily resident in Ireland; or
- (c) if any of the Notes are regarded as property situated in Ireland (that is, if bearer Notes are physically located in Ireland, or in the case of Registered Notes, if the register of the Notes is maintained in Ireland),

the disponent's successor may be liable to Irish Capital Acquisitions Tax. Accordingly, if such Notes are comprised in a gift or inheritance, the disponent's successor may be liable to Irish gift or inheritance tax, even though the disponent may not be domiciled in Ireland. It is important to note that a non-domiciled person shall not be treated as resident or ordinarily resident in Ireland until 1 December 2004 and then only in certain specified circumstances.

5. Stamp Duty

No Irish stamp duty is payable on the issue of the Notes.

5.1 Transfer of ECP Notes issued by the ECP Issuer

Irish stamp duty is not chargeable on the transfer by delivery of ECP Notes issued by the ECP Issuer. In the event of written transfer of such ECP Notes no stamp duty is chargeable provided that the ECP Notes:

- (a) Do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
- (b) Do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;
- (c) Are redeemable within 30 years of the date of issue and not thereafter;
- (d) Are issued for a price which is not less than 90% of their nominal value (thus certain Notes issued at a discount may not qualify for this exemption); and
- (e) Do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to the ECP Notes.

Where the above exemptions or another exemption does not apply, the instrument of transfer is liable to stamp duty at the rate of one percent of the consideration paid in respect of the transfer (or if greater, the market value thereof) which must be paid in Euro by the transferee (assuming an arm's length transfer) within 30 days of the date on which the transfer instrument is executed, after which interest and penalties will apply.

5.2 Transfer of Notes issued by the USCP Issuer

In the case of Notes issued by the USCP Issuer, no Irish stamp duty is chargeable provided that the instrument of transfer:

- (i) is not executed in Ireland; and
- (ii) does not relate (wherever executed) to any property situated in Ireland or to any matter or thing to be done in Ireland.

EU Savings Tax Directive

On 3rd June, 2003, the European Council of Economics and Finance Ministers adopted a new directive regarding the taxation of savings income under which Member States will be required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State, except that, for a transitional period, Belgium, Luxembourg and Austria may instead operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). The proposals are anticipated to take effect from 1st January, 2005, subject to certain conditions being met.

United States Taxation

General

The following is a general summary of certain of the anticipated U.S. Federal income tax consequences of the ownership of the USCP Notes by holders who acquire the USCP Notes on their issuance.

This summary is based on the Internal Revenue Code of 1986, as amended (the **Code**) as well as the regulations promulgated thereunder (**Treasury Regulations**), including regulations in temporary form and proposed form, and administrative and judicial rulings and practice, all as of the date hereof. Legislative, judicial and administrative changes may occur, possibly with retroactive effect, and could alter or modify the tax consequences discussed herein.

This summary does not purport to address all U.S. Federal income tax matters that may be relevant to a particular holder of USCP Notes (a **USCP Noteholder**). This summary does not address tax consequences to USCP Noteholders that may be relevant to investors subject to special rules including, without limitation, banks, insurance companies, dealers in securities or currencies, mutual funds, REITs, S corporations, estates and trusts, certain U.S. expatriates, tax-exempt entities, persons that own (or are deemed to own) 10 per cent. or more of the voting stock of the Guarantor, and persons who hold USCP Notes through partnerships or other pass-through entities, or as part of a hedge, straddle, synthetic security, integrated or conversion transaction, or USCP Noteholders whose "functional currency" is not the U.S. dollar. Further, it does not address alternative minimum tax consequences or the indirect effects on the holders of equity interests in a USCP Noteholder.

PROSPECTIVE USCP NOTEHOLDERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS OF ACQUIRING, OWNING OR DISPOSING OF THE USCP NOTES.

For purposes of this summary, a **U.S. Holder** is a beneficial owner of USCP Notes that is, for U.S. Federal income tax purposes, (a) a citizen or resident of the United States, (b) a corporation or partnership organised in or under the laws of the United States, any state thereof or the District of Columbia, (c) a trust subject to the primary supervision of a court within the United States and the control of one or more U.S. persons, or (d) an estate the income of which is subject to U.S. Federal income tax regardless of its source. A **Foreign Holder** is a person that beneficially owns USCP Notes and that is not a U.S. Holder.

Taxation of U.S. Holders

The USCP Issuer will be an entity disregarded as an entity separate from its owner, the New York branch of the Guarantor, for U.S. Federal tax purposes, pursuant to Section 7701 of the Code and applicable

Treasury Regulations. The discussion which follows therefore treats the New York branch of the Guarantor as the issuer of the USCP Notes.

Interest

Interest on a USCP Note will be ordinary income to a U.S. Holder at the time it is received or accrued, depending on the holder's method of accounting for tax purposes. Interest paid by the Issuer on the USCP Notes will generally constitute income from sources within the United States.

Original Issue Discount

If a USCP Note is issued at a discount, then it may be treated as issued with "original issue discount" (**OID**). OID means the excess (if any) of a USCP Note's "stated redemption price at maturity" over its issue price. Accrual basis U.S. Holders and certain other U.S. Holders are required to include in gross income an amount equal to the sum of the "daily portions" of OID on USCP Notes for each day during the taxable year on which such U.S. Holder held the USCP Note. Alternatively, such U.S. Holders may elect to include in gross income an amount equal to the sum of the "daily portions" of the "acquisition discount" for each day during the taxable year on which such U.S. Holder held such USCP Note. **Acquisition discount** means the excess (if any) of the "stated redemption price at maturity" over the U.S. Holder's basis for the USCP Note. **Daily portions** means ratable (straight-line) accrual unless the holder elects a constant interest rate and daily compounding for such USCP Note. The election to accrue acquisition discount instead of OID shall apply to all obligations (not just the USCP Notes) with a maturity of one year or less acquired by the U.S. Holder on or after the first day of the first taxable year to which the election applies, and may not be revoked without the consent of the Internal Revenue Service (**IRS**).

A cash basis U.S. Holder that is not subject to the rules discussed in the paragraph immediately above is not required to accrue OID on USCP Notes for U.S. Federal income tax purposes. All U.S. Holders may elect to include in gross income all interest (including OID) that accrues on a USCP Note by using the constant yield method. U.S. Holders who are not required and do not elect to accrue OID on USCP Notes will be required to defer deductions for interest on borrowings allocable to USCP Notes in an amount not exceeding the deferred income until the deferred income is realised.

Purchase, Sale and Retirement of USCP Notes

A U.S. Holder will generally recognise gain or loss on the sale or retirement of a USCP Note equal to the difference between the amount realised on the sale or retirement and the tax basis of the USCP Note. A U.S. Holder's tax basis in a USCP Note will generally be its cost increased by the amount of any OID included in the U.S. Holder's income with respect to the Note. Gain or loss recognised on the sale or retirement of a USCP Note will be capital gain or loss, except that in the case of a U.S. Holder not required and not electing to include OID in income currently, any gain realised on the sale or retirement of a USCP Note will be ordinary income to the extent of the OID accrued on a straight-line basis (unless an election is made to accrue the OID under the constant yield method) through the date of sale or retirement.

Taxation of Foreign Holders

A Foreign Holder will not be subject to U.S. Federal income tax on interest on the USCP Notes unless such interest is effectively connected with the conduct by the holder of a trade or business in the U.S. Interest on the USCP Notes will generally be from sources within the United States. A Foreign Holder will however not be subject to U.S. Federal withholding tax if the Foreign Holder timely provides a statement to the paying agent that it is the beneficial owner of the interest and a Foreign Holder.

A Foreign Holder will not be subject to U.S. Federal income tax on any gain realised on the sale or exchange of a USCP Note unless (x) such gain is effectively connected with the conduct by the holder of a trade or business in the United States or (y) in the care of gain realised by an individual holder, the holder is present in the United States for 183 days or more in the taxable year of the sale and either (a) such gain is attributable to an office or other fixed place of business maintained in the United States by such holders or (b) such holder has a tax home in the United States.

Information Reporting and Backup Withholding

Information reporting to the IRS generally will be required with respect to certain payments on the USCP Notes to holders other than corporations and other exempt recipients. The USCP Issuer, its agent, a broker, or any paying agent, as the case may be, may be required to withhold a 28 per cent. "backup" withholding tax on such payments if such holder fails to provide certain identifying information (such as the holder's taxpayer identification number). Foreign Holders may be required to comply with applicable certification procedures to establish that they are not U.S. Holders in order to avoid the application of such information reporting requirements and backup withholding. Any amounts withheld under the backup withholding rules from a payment to a U.S. Holder generally may be claimed as a credit against such U.S. Holder's U.S. Federal income tax liability, provided that the required information is furnished to the IRS.

SELLING RESTRICTIONS APPLICABLE TO ECP NOTES

General

No action has been taken in any jurisdiction by the Issuers, the Guarantor, the Arranger or the ECP Dealers that would permit a public offering of Notes, or possession or distribution of the Information Memorandum or any other offering material, in any country or jurisdiction where action for that purpose is required.

Each ECP Dealer has represented, warranted and agreed that it will observe all applicable laws and regulations in any jurisdiction in which it may offer, sell or deliver ECP Notes; and it will not, directly or indirectly, offer, sell, resell, re-offer or deliver ECP Notes or distribute any document, circular, advertisement or other offering material in any country or jurisdiction except under circumstances that will result, to the best of its knowledge and belief, in compliance with all applicable laws and regulations.

1. The United States of America

The ECP Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Each ECP Dealer has agreed that it will not offer or sell any ECP Notes within the United States or to, or for the account or benefit of, U.S. persons, and that it will send to each distributor, ECP dealer or person receiving a selling concession, fee or other remuneration to which it sells ECP Notes a confirmation or other notice setting forth the restrictions on offers and sales of the ECP Notes within the United States or to, or for the account or benefit of, U.S. persons.

2. The United Kingdom

Each ECP Dealer has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue and sale of any ECP Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer or the Guarantor was not an authorised person, apply to the Issuer or the Guarantor; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

3. Ireland

Each ECP Dealer has further represented and agreed (an each further ECP Dealer appointed under the Programme will be required to further represented and agree) that:

- (a) it will not knowingly sell or offer for sale any ECP Notes issued by the ECP Issuer to any person, including any body corporate, resident in Ireland or having its usual place of abode in Ireland (an **Irish Person**);
- (b) it will not knowingly issue or distribute, or knowingly cause to be issued or distributed, any documentation offering for subscription or sale any ECP Notes issued by the ECP Issuer, to any Irish Person;
- (c) as far as primary sales of any ECP Notes issued by the ECP Issuer are concerned, its actions in any jurisdiction will comply with the then applicable laws and regulations;
- (d) in connection with offers for sale of any ECP Notes issued by the ECP Issuer, it has only issued or passed on, and will only issue or pass on, documents in connection with the issue thereof to persons to whom the documents may otherwise lawfully be issued or passed on;

- (e) otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Acts 1963 to 2001 (the **Companies Acts**), it will not offer or sell, by means of any document, any ECP Notes issued by the ECP Issuer unless such ECP Notes have a maximum maturity of five years from the date of issue and such offer or sale is made to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent);
- (f) it will not make in Ireland an offer of ECP Notes of the ECP Issuer to which the European Communities (Transferable Securities and Stock Exchange) Regulations 1992 of Ireland would apply, except in accordance with the provisions of those Regulations;
- (g) in connection with offers for sale of any ECP Note issued by the ECP Issuer that is not listed on any stock exchange, it will not offer, sell or deliver any such ECP Note to any person in an aggregate principal amount of less than €500,000, or its equivalent in any other currency, notwithstanding that the denominations in which transfers of the ECP Notes may subsequently be carried out may be less than this amount. In addition, such ECP Notes must be cleared through Euroclear, Clearstream Luxembourg or The Depository Trust Company (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners); and

Each ECP Dealer has further represented and agreed (and each further ECP Dealer appointed under the Programme will be required to further represent and agree) that it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts 1995 to 2000 (the **Investment Intermediaries Act**) with respect to anything done by it in relation to the Notes or the Programme if operating in or otherwise involving Ireland and, in the case of an ECP Dealer acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EC of 10 May 1993 (as amended or extended), it has complied with any codes or conduct made under Section 37 of the Investment Intermediaries Act 1995 and, in the case of an ECP Dealer acting within the terms of an authorisation granted to it for the purposes of the Directive 2000/12/EC of the European Parliament and of the Council of 20th March, 2000 relating to the taking up and pursuit of the business of credit institutions it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act 1989 of Ireland (as amended).

4. Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each of the ECP Dealers has represented and agreed and each further ECP Dealer will be required to represent and agree, that it will not offer, sell or otherwise deliver any Notes or distribute copies of the Information Memorandum or any other document relating to the Notes in Italy except (i) to professional investors (*operatori qualificati*), as defined in Article 31, second paragraph of CONSOB Regulation No. 11522 of 1st July, 1998 as amended ("**Regulation 11522**"), in compliance with the terms and procedures provided therein; or (ii) in circumstances which are exempted from the rules of solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of 24th February, 1998 as amended (the **Financial Services Act**) and Article 33, first paragraph, of CONSOB Regulation No. 11971 of 14th May, 1999; or (iii) to an Italian resident who submits an unsolicited offer to any of the ECP Dealers to purchase the Notes. Each ECP Dealer has represented and agreed that any offer, sale or delivery of the Notes or distribution of copies of the Information Memorandum or any other document relating to the Notes in Italy under (i) or (ii) above must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of 1st September, 1993 as amended (the **Banking Act**) and Decree No. 58, Regulation 11522 and any other applicable Italian laws and regulations; and
- (b) in compliance with Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, pursuant to which the offer or sale of securities in Italy may need to be preceded and followed by an appropriate notice to be filed with the Bank of Italy depending, inter alia, on the amount of the securities issued or offered in Italy and their characteristics.

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