

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.\$10,000,000,000

Global Commercial Paper Programme

for the issuance of Euro-commercial paper

and US commercial paper

The Programme is and issues of ECP Notes and USCP Notes under it will be rated by Moody's Investors Service Limited, Standard & Poor's Ratings Services, a Division of the McGraw-Hill Companies Inc. and Fitch Ratings Ltd. as described in this Information Memorandum.

Arranger

Citigroup

ECP Dealers

Barclays Capital

CABOTO

CALYON Corporate and Investment Bank

Citigroup

Deutsche Bank

Goldman Sachs International

ING Wholesale Banking

Intesa Bank Ireland p.l.c.

USCP Dealers

Banc of America Securities LLC

Banca Intesa S.p.A., New York Branch

Citigroup Global Markets Inc.

J.P. Morgan Securities Inc.

Lehman Brothers Inc.

Merrill Lynch Money Markets Inc.

Morgan Stanley

4th August, 2006

CONTENTS

	Page
Important Notice	3
Documents Incorporated by Reference	6
Summary of the ECP Programme	7
Summary of the USCP Programme	9
Intesa Bank Ireland p.l.c.	11
Selected Financial Information for IBI	13
Intesa Funding LLC	14
Banca Intesa S.p.A.	19
Selected Financial Information for the Banca Intesa Group	23
Certificate of Information in relation to the ECP Programme	25
Information Concerning the STEP Label Request in relation to the ECP Programme	27
Form of Notes	28
Part 1 Form of ECP Global Note	28
Part 2 Form of ECP Definitive Note	37
Part 3 Form of DTC Master USCP Note	46
Form of Guarantee	48
Taxation	55
Selling Restrictions Applicable to ECP Notes.....	64
Appendix	
1. Intesa Bank Ireland p.l.c. Directors' Report and Financial Statements for the year ended 31 December 2005	66
2. Banca Intesa S.p.A. Annual Report 2005	114
3. Banca Intesa S.p.A. Annual Report 2004	115
4. Rating Agencies Letters	116

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.\$10,000,000,000 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 Barclays Bank PLC, Banca Caboto S.p.A., CALYON, Citibank International plc, Deutsche Bank AG, London Branch, Goldman Sachs International, ING Bank N.V. 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, Banca Intesa S.p.A., New York Branch, 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.

This Information Memorandum has been submitted to the Short Term European Paper Project (**STEP**) Secretariat in order to apply for the STEP label for ECP Notes issued under this Programme. The status of STEP compliance of the ECP Notes issued under this Programme can be checked on the STEP Market website (www.stepmarket.org).

THE NOTES AND THE GUARANTEE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**). THE 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 UNDER THE SECURITIES ACT) EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT. THE USCP NOTES ARE BEING OFFERED AND SOLD IN RELIANCE ON THE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT CONTAINED IN SECTION 3(a)(3) OF THE SECURITIES ACT.

Each of the Issuers and the Guarantor takes responsibility for the contents of this Information Memorandum and confirms that to its knowledge, the information contained in this document is true and does not contain any misrepresentation which would make it misleading.

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, United States 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 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.

CIRCULAR 230 NOTICE

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT REGULATIONS, WE ADVISE YOU THAT ANY TAX DISCUSSION HEREIN WAS NOT WRITTEN AND IS NOT INTENDED TO BE USED AND CANNOT BE USED BY ANY TAXPAYER FOR PURPOSES OF AVOIDING U.S. FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER. ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE NOTES TO BE ISSUED PURSUANT TO THIS INFORMATION MEMORANDUM. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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

Name of Programme:	Intesa Bank Ireland p.l.c. U.S.\$10,000,000,000 Euro-commercial paper programme, guaranteed by Banca Intesa S.p.A.
Type of Programme:	Euro-commercial paper programme, STEP compliant
Name of Issuer:	Intesa Bank Ireland p.l.c.
Type of Issuer:	Monetary financial institution
Purpose of the Programme:	General funding requirements
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.\$10,000,000,000 or its equivalent in alternative currencies. The ECP Issuer and the USCP Issuer may increase the Programme Amount upon satisfaction of certain conditions precedent.
Forms and Delivery:	<p>The ECP Notes will be in bearer form.</p> <p>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 Bank SA/NV (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.</p>
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.
Currencies:	ECP Notes may be denominated in any currency, subject to compliance with any 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.
Denominations:	Any denomination, subject to compliance with any applicable legal and regulatory requirements. The minimum denomination and the minimum issuance amount is €500,000 if denominated in euro, U.S.\$500,000 if denominated in United States Dollars or, if denominated in a currency other than euro or United States Dollars, the equivalent of €500,000 at the date the Programme is first publicised.
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.
Governing Law:	The ECP Notes and the Guarantee will be governed by and construed in accordance with English law.
Listing:	The ECP Notes will not be listed on any stock exchange.
Settlement Systems:	Euroclear and Clearstream, Luxembourg

Ratings:	As at the date of this Information Memorandum the ECP Notes have been rated P-1 by Moody's Investors Service Limited, Inc., A-1 by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. and F-1 by Fitch Ratings Ltd.
	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.
Guarantor:	Banca Intesa S.p.A.
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.
ECP Agent:	Deutsche Bank AG, London Branch
Arranger:	Citibank International plc
ECP Dealers:	Barclays Bank PLC Banca Caboto S.p.A. CALYON Citibank International plc Deutsche Bank AG, London Branch Goldman Sachs International ING Bank N.V. Intesa Bank Ireland p.l.c.
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 the Republic of Italy. See "Selling Restrictions Applicable to ECP Notes".
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.

SUMMARY OF THE USCP PROGRAMME

USCP Issuer:	Intesa Funding LLC
Guarantor:	Banca Intesa S.p.A.
Description:	US commercial paper program, not STEP compliant
USCP Dealers:	Banc of America Securities LLC Banca Intesa S.p.A., New York Branch 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 Trust 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-1 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.\$10,000,000,000 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 U.S.\$250,000 or integral multiples of U.S.\$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 2005) 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.

The registered office of IBI is at AIB International Centre, I.F.S.C., Dublin 1 and its telephone number is +353 1 611 5000.

Company's Purpose

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".

Description of Company's Activities

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, 2005, Tier 1 and total capital ratios for IBI were 31.73 per cent. and 29.55 per cent., respectively. IBI is required by the Central Bank to maintain a total capital ratio of at least 8 per cent.

Share Capital

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. The ordinary shares of IBI are all beneficially owned by the Guarantor and are not listed on any stock exchange.

Management of IBI

IBI is managed by the Board of Directors, which, as at the date of this Information Memorandum, 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
Andrew Plomp	Director	2005
Giuliana Tozzi	Director	2005

Accounting

IBI's accounts are prepared as at 31st December of each year in accordance with International Financial Reporting Standards (**IFRS**) and related International Accounting Standards Board interpretations as adopted by the European Union and as applied by the Companies Acts 1963 to 2005. The 2005 accounts were the first prepared under IFRS. Up to and including 31st December, 2004, IBI prepared its accounts in accordance with Irish Generally Accepted Accounting Principles.

CAPITALISATION OF IBI

The audited capitalisation of IBI is as follows:

	As at	
	31st December	
	2005	2004
	<i>(millions of euro)</i>	
Subordinated debt	–	71
Equity		
Share capital and reserves	361	363
Profit and loss account	45	31
Total shareholders' equity.....	406	394
Total equity	406	465

Note:

Since 31st December, 2005 there has been no material change in the capitalisation of IBI.

SELECTED FINANCIAL INFORMATION FOR IBI

The following table presents selected financial information for IBI as at and for the years ended 31st December, 2004 and 2005. 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	
	2005	2004
	<i>(thousands of euro)</i>	
Profit and Loss Account Information		
Net interest income.....	24,638	17,367
Operating profit before collective impairment provisions	22,510	15,685
Profit/(Loss) on ordinary activities before taxation	25,449	21,411
Profit/(Loss) for the financial period	22,900	19,594
	As at 31st December	
	2005	2004
	<i>(thousands of euro)</i>	
Balance Sheet Information		
Total assets	4,837,002	2,882,697
Loans and advances to banks	2,547,650	906,668
Loans and advances to customers	473,650	530,220
Debt securities held at fair value through profit or loss.....	1,166,782	–
Debt Securities – available-for-sale	562,250	–
Debt Securities		1,394,216
Debt securities in issue.....	1,835,998	850,148
Deposits from banks.....	1,632,417	1,313,804
Due to customers	548,428	272,504
Total equity	406,292	393,910

INTESA FUNDING LLC

Organization and Nature of Business

Intesa Funding LLC (the **Company**) is a direct wholly owned subsidiary of Banca Intesa S.p.A. and was incorporated in the State of Delaware, on 1st November, 2003, for the purpose of issuing commercial paper. Proceeds from the issue of commercial paper are loaned to the Grand Cayman Branch of Banca Intesa S.p.A. at the same maturity and yield.

Banca Intesa S.p.A. guarantees all of the commercial paper issued by the Company.

The LLC is managed by its Board of Directors, consisting, as at the date of this Information Memorandum, of:

Giovanni Gorno Tempini.....	Chairman
Giuseppe Attanà	Director
Eduardo Bombieri	Director
Mario Marcangeli	Director
Joseph Semder.....	Director

Capitalization of Intesa Funding LLC

The following table sets out the capitalization of the Company, as at 31st December, 2004 and 31st December, 2005, and is derived from the audited unconsolidated financial statements of the Company as at 31st December, 2004 and 31st December, 2005.

	As at	
	31st December	31st December
	2005	2004
	<i>(expressed in US\$)</i>	
Shareholders' equity		
Paid-in capital.....	25,000	25,000
Retained earnings	7,316	5,542
Total capitalization	<u>17,684</u>	<u>19,458</u>

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Management of the Company believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash represents cash on deposit at banks with a maturity of three months or less.

Loans

Loans are advanced to the Grand Cayman Branch of Banca Intesa S.p.A. and are reported at their respective principal amounts outstanding.

Accretion of Discount

Discounts on the Company's commercial paper are accreted to expense using the straight line method, which is not materially different from the effective interest method.

Professional Fees

Banca Intesa S.p.A. has agreed to reimburse the Company of all fees and expenses related to the organization and operations of the Company, including commercial paper issuance costs and administrative costs. For the years ended 31st December, 2005 and 2004, reimbursed fees and expenses were U.S.\$114,850 and U.S.\$94,400, respectively.

Income Taxes

The Company is a single member limited liability company that has not elected to be treated as a corporation for tax purposes in the United States. As such, the Company is not subject to federal or state and local income taxes, as all taxable income and relevant deductions flow through to its single member owner, Banca Intesa S.p.A.

Fair Value of Financial Instruments

The carrying value of loans, interest receivable and commercial paper at December 31, 2005 and 2004, approximates fair value due to their short-term nature.

**FINANCIAL STATEMENTS OF INTESA FUNDING LLC AS AT 31st DECEMBER, 2005 AND
31st DECEMBER, 2004**

The following financial information has been extracted from the audited unconsolidated financial statements of the Company as at and for the year ended 31st December, 2005 and 31st December, 2004 which are incorporated by reference herein and should be read in conjunction herewith:

ASSETS

	31st December	
	2005	2004
	<i>(expressed in U.S.\$)</i>	
Due from banks, affiliate	17,365	19,458
Loans, affiliate	3,761,819,311	1,388,719,804
Accrued interest receivable, affiliate	6,183,453	714,551
Other receivables, affiliate	84,819	48,600
Total assets	3,768,104,948	1,389,502,413

LIABILITIES AND MEMBER'S EQUITY

	31st December	
	2005	2004
	<i>(expressed in U.S.\$)</i>	
Liabilities		
Commercial paper issued, net of discount of	3,768,002,763	1,389,434,355
U.S.\$9,880,541 in 2005 and U.S.\$1,530,645 in 2004		
Accrued expenses	67,110	48,600
Other liabilities	17,391	-
Total liabilities	3,768,087,264	1,389,482,955
Member's equity		
Capital	25,000	25,000
Accumulated deficit.....	(7,316)	(5,542)
Total member's equity	17,684	19,458
Total liabilities and member's equity	3,768,104,948	1,389,502,413

STATEMENTS OF INCOME

	31st December	
	2005	2004
	<i>(expressed in U.S.\$)</i>	
Revenue		
Interest income from affiliate Interest expense	67,255,776	4,139,919
Net interest income	67,255,776	4,139,919
Other income	320	2,201
Expenses		
Professional fees, net of reimbursements from	2,094	290
affiliate of U.S.\$114,850 in 2005 and U.S.\$94,400 in 2004		
Other expenses.....	–	210
Total expenses	2,094	500
Net (loss) income	(1,774)	1,701

STATEMENTS OF CHANGES IN MEMBER'S EQUITY

	Capital	Accumulated Deficit	Total Member's Equity
Balance at 31st December, 2003	U.S.\$ 25,000	U.S.\$ (7,243)	U.S.\$ 17,757
Net income	–	1,701	1,701
Balance at 31st December, 2004	25,000	(5,542)	19,458
Net loss	–	(1,774)	(1,774)
Balance at 31st December, 2005	U.S.\$ 25,000	U.S.\$ (7,316)	U.S.\$ 17,684

STATEMENTS OF CASH FLOWS

	31st December,	
	2005	2004
	<i>(expressed in U.S.\$)</i>	
Cash flows from operating activities:		
Net (loss) income.....	(1,774)	U.S.\$1,701
Adjustments to reconcile net (loss) income to net cash used in operating activities:		
Amortization of discount on commercial paper	5,468,901	714,551
Changes in assets and liabilities:		
Accrued interest receivable, affiliate	(5,468,902)	(714,551)
Other receivables, affiliate	(36,219)	(48,600)
Accrued expenses	18,510	36,700
Other liabilities	17,391	280
Net cash used in operating activities:	(2,093)	(9,919)
Cash flows from investing activities:		
Net loans advanced, affiliate	(2,373,099,507)	(1,388,719,804)
Net cash used in investing activities	(2,373,099,507)	(1,388,719,804)
Cash flows from financing activities:		
Net commercial paper issued	2,373,099,507	1,388,719,804
Net cash provided by financing activities	2,373,099,507	1,388,719,804
Net change in cash:	(2,093)	(9,919)
Due from banks, affiliate, beginning of year.....	19,458	29,377
Due from banks, affiliate, end of year.....	U.S.\$17,365	U.S.\$19,458
Supplemental disclosure of cash flow information:		
Interest paid during the year	61,786,874	3,425,368

NOTES TO FINANCIAL STATEMENTS

Information on the commercial paper issuances at 31st December, 2005 and 2004 and for the years then ended are as follows (amounts in thousands):

Total face value outstanding at year-end	3,777,883	1,390,965
Interest due at maturity	16,064	2,245
Interest payable at year-end	6,183	715
Range of face values	153 to 50,000	6,465 to 200,000
Range of interest rates during the year	2.2 to 4.46	1.51 to 2.39
Range of interest rates at year-end	4.13 to 4.46	1.95 to 2.39
Average amount outstanding	1,962,072	773,609
Maximum month-end amount outstanding.....	3,777,883	1,390,965
Weighted-average interest rate during the year	3.47	1.95
Maturity date.....	1/3/06-5/2/06	1/3/05-2/28/05

BANCA INTESA S.p.A.

BUSINESS DESCRIPTION

History

Banca Intesa S.p.A. (**Banca Intesa**) is the parent company of the Banca Intesa Group and is incorporated under the laws of Italy and registered at the Companies' Registry of Milan under registration number 00799960158. The former Intesa Group was formed in January 1998 following the acquisition by Banca Intesa S.p.A. (formerly known as Banco Ambrosiano Veneto S.p.A.) 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 also joined the Banca 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 exchange for the issue of new ordinary shares of Banca Intesa.

In October 2000, the Board of Directors of both Banca Intesa and BCI approved the merger by incorporation of BCI into Banca Intesa, which was completed on 1st May, 2001 (the **Merger Date**). 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.'.

On 1st January, 2003, the corporate name reverted to 'Banca Intesa S.p.A.' or, in short, 'Intesa S.p.A.' and consequently the Group name has become 'Gruppo Banca Intesa' or, in short form, 'Gruppo Intesa'. The registered office of Banca Intesa is Piazza P. Ferrari, 10, 20121 Milan and the telephone number of the registered office is +39 02 87911.

Company's Purpose

The Banca Intesa Group is a full service Italian banking group that provides a wide range of retail and commercial banking and other financial services to approximately 6.8 million retail customers and 1 million corporate customers in Italy and its 5.2 million customers abroad. It relies on a network of approximately 3,100 branches located in all the Italian regions and 750 branches abroad. Intesa Group has significant retail banking interests outside Italy, located in Central-Eastern Europe, and is present in approximately 20 countries with a specialised international network to facilitate the cross-border banking requirements of its corporate customer base.

Description of Company's Activities

The Banca Intesa Group's principal services are focused on deposit taking, lending, collection and payment services, investment banking, capital market services, global custody services, foreign currency transactions, leasing, factoring, private banking and wealth management. As at 31st December, 2005, the Banca Intesa Group had total assets of €274 billion, loans to customers of €169 billion, direct customer deposits of €188 billion and customer deposits under administration of €475 billion. A detailed description of the Banca Intesa Group's history, structure and activities is set out below.

The Structure of the Group

The Banca Intesa Group operates through a customer-oriented organisational structure based on a parent company's divisional model made up of five business units that are responsible for all the clients of the Group: Retail, Corporate, Banca Intesa Infrastrutture e Sviluppo S.p.A., Italian Subsidiary Banks and International Subsidiary Banks.

Retail Division

The Retail Division has approximately 6 million clients and 2,100 branches and is in charge of individuals, small businesses, micro enterprises, SMEs and non-profit entities.

The Retail Division's activities include current and savings accounts, personal loans, overdraft facilities, mortgage loans, payment cards, private banking and wealth management.

Private banking activity is carried out by Intesa Private Banking, the bank specialising in serving private customers and integrated in the Retail Division, which represents a reference point for its customers not just for financial issues; its range of services also includes investment-related legal and tax consulting, fiduciary and legal entity advisory, real estate and art advisory services.

The wealth management business includes supplementary pension funds and life insurance products. Intesa Previdenza is specialised in supplementary pension funds with €1,192 million of assets under management as at 31st December, 2005. The Retail Division distributes the life insurance products of Intesa Vita, a subsidiary of the Generali group and consolidated by Banca Intesa Group with the equity method, which closed year 2005 with €7.8 billion of gross issued premiums while technical insurance reserves amounted to over €25 billion.

Product companies supporting the activities of the Retail Division also include Intesa Mediocredito (specialising in medium and long-term lending and in financing the development of small and medium-sized enterprises), Banca CIS S.p.A. (focused on lending to small and medium enterprises both with its own funds and by employing funds from regional and national public entities), Intesa Leasing S.p.A. (operating in the leasing business), Sirefid (a trustee providing a full range of services, both to companies and individuals) and Setefi (specialising in the management of electronic payment systems).

Corporate Division

The Corporate Division has approximately 17,000 clients and 52 branches and is in charge of large and mid corporate customers and financial institutions.

The corporate banking services provided include deposit-taking, granting overdraft facilities, bills and receivables discounting, export/import financing, making advances on contracts and invoices, medium and long-term loans, cash management and payroll and other electronic payment systems. Other services include corporate finance, loan syndication, providing financial advice 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, capital markets activities which are conducted through Banca Caboto S.p.A. and global custody.

Intesa Mediofactoring S.p.A supports the Corporate Division in the factoring business.

The Corporate Division includes the supervision of the international network which comprises branches, representative offices and subsidiaries specialising in corporate banking. Banca Intesa operates six foreign branches located in China (Shanghai and Hong Kong), Grand Cayman (George Town), Japan (Tokyo), the United Kingdom (London) and the United States (New York) and has 12 representative offices located in Belgium, China, Egypt, France, India, Iran, Lebanon, Poland, Russia, South Korea, Tunisia and Turkey. The Division is also in charge of three subsidiaries specialising in corporate banking: ZAO Banca Intesa in Moscow, established in 2003 and the sole Italian banking subsidiary licensed to operate in Russia, SEB in Luxembourg and Intesa Bank Ireland p.l.c. in Dublin.

Banca Intesa Infrastrutture e Sviluppo S.p.A.

Banca Intesa Infrastrutture e Sviluppo has approximately 1,500 clients and 11 branches and supports the public and infrastructure sector with fields of action ranging from public work lending to securitisations for public entities and project finance.

Italian Subsidiary Banks Division

The Banca Intesa Group also has a number of banking subsidiaries in Italy accounting for approximately 1.7 million clients and 950 branches.

The Italian Subsidiary Banks Division includes Banca di Trento e Bolzano S.p.A. - “BTB” (79 branches and approximately 85,000 customers), Cassa di Risparmio di Parma e Piacenza S.p.A. - “Cariparma” (308 branches and 640,000 customers), Banca Popolare FriulAdria - “FriulAdria” (148 branches and 270,000 customers), Cassa di Risparmio di Biella e Vercelli - “Biverbanca” (104 branches and 155,000 customers) and other savings banks in central Italy (CR Terni e Narni, CR Rieti, CR Viterbo, CR Spoleto, CR Foligno, CR Città di Castello, CR Ascoli Piceno and CR Fano) controlled by Intesa Casse del Centro (308 branches and 540,000 customers).

International Subsidiary Banks Division

The Banca Intesa Group conducts its international activities also through majority-owned subsidiaries providing services in retail and commercial banking. The International Subsidiary Banks Division has approximately 5.2 million clients and 750 branches.

The International Subsidiary Banks Division includes subsidiaries operating in Central-Eastern Europe: the Hungarian subsidiary Central-European International Bank - CIB, which has 80 branches and 485,000 customers, the Croatian subsidiary Privredna Bank Zagreb - PBZ, which has 210 branches and 1,900,000 customers, the Slovak subsidiary Vseobecna Uverova Banka - VUB, which has 233 branches and 1,850,000 customers, the subsidiary Banca Intesa Beograd in Serbia and Montenegro, which has 152 branches and 800,000 customers, the subsidiary UPI Banka in Bosnia and Herzegovina, which has 15 branches and 80,000 customers and the Russian subsidiary KMB Bank, which has 54 branches and 50,000 customers.

In February 2006, Banca Intesa signed a share purchase agreement for the acquisition of the control of the share capital of UkrSotsbank, which has 519 branches and 660,000 customers.

Share Capital

The share capital of Banca Intesa as at 31st December, 2005 amounted to 3,956 million euro, divided into 5,983,374,287 ordinary shares and 932,490,561 unconvertible saving shares, with a nominal value of 0.52 euro each. As at 31st December, 2005 the share capital was fully paid in and liberated.

Shareholder Base

Banca Intesa’s shareholder base as at 31st March, 2006 – detailed in the following table – includes reference shareholders which are part of a Voting syndicate and hold 43.64 per cent. of Banca Intesa’s ordinary shares (43.27 per cent. is vested in the Syndicate) and approximately 194,000 shareholders holding 56.36 per cent. With respect to as at 31st December, 2005, there was no modification in the reference shareholder base and in the number of shares held.

Shareholder Base as at 31st March, 2006

Name	Shares included in the Voting syndicate	Shares not included in the Voting syndicate	Total shares	% of shares included in the Voting syndicate on total	% of shares held on total
Crédit Agricole S.A.	1,064,827,301	2,596,258	1,067,423,559	17.80	17.84
Fondazione CARIPLLO	554,578,319	–	554,578,319	9.27	9.27
Generali group.....	435,229,478	–	435,229,478	7.27	7.27
<i>of which</i>					
<i>Assicurazioni Generali</i>	1,782,674	–	1,782,764		
<i>Alleanza Assicurazioni</i>	248,236,838	–	248,236,838		
<i>Other subsidiary companies</i>	185,209,876 ^(a)	–	185,209,876		
Fondazione CARIPARMA	254,375,410	6,139,792	260,515,202	4.25	4.35
“Gruppo Lombardo”	279,926,547	13,693,759	293,620,306	4.68	4.91
<i>of which</i>					
<i>Banca Lombarda</i>					
<i>e Piemontese</i>	139,963,274	5,059,638 ^(b)	145,022,912		
<i>I.O.R.</i>	29,578,536 ^(c)	1,675,058	31,253,594		
<i>Mittel Partecipazioni Stabili</i>		15,000,000	6,959,063 ^(d)	21,959,063	
<i>Carlo Tassara</i>	95,384,737	–	95,384,737		
Total Shareholder in the Syndicate	2,588,937,055	22,429,809	2,611,366,864	43.27	43.64
Total other Shareholders	–	3,372,007,423	3,372,007,423		56.36
Total	2,588,937,055	3,394,437,232	5,983,374,287		100.00

(a) Aachener und Münchener Lebensversicherung AG, Assitalia S.p.A., Central Krankenversicherung AG, Cosmos Lebensversicherungs AG, FATA – Fondo Assicurativo Tra Agricoltori S.p.A., Generali Assurances Iard S.A., Generali Versicherung AG (A), Generali Versicherung AG IDI, Generali Vita S.p.A., GPA-VIE S.A., Ina Vita S.p.A., La Venezia Assicurazioni S.p.A., UMS – Generali Marine S.p.A., Volksfürsorge Deutsche Lebensversicherung AG, Volksfürsorge Deutsche Sachversicherung AG.

(b) Including 4,855, 302 shares via the subsidiary Banco di Brescia

(c) Shares with beneficial interest in favour of Mittel.

(d) Via the subsidiary Mittel Generale Investimenti.

Listing of Shares

The shares of Banca Intesa are listed on the Milan Stock Exchange (*Borsa di Milano*).

Board of Directors

As of the date of this Information Memorandum the Board of Directors consists of the following persons:

Chairman	Giovanni BAZOLI	
Deputy Chairman	Giampio BRACCHI René CARRON	
Managing Director and Chief Executive Officer	Corrado PASSERA	
Directors	Giovanni ANCARANI Francesco ARCUCCI Benito BENEDINI Antoine BERNHEIM Jean Frédéric DE LEUSSE Gilles DE MARGERIE Alfonso DESIATA Ariberto FASSATI	Giancarlo FORESTIERI Paolo FUMAGALLI Giangiacomo NARDOZZI Georges PAUGET Eugenio PAVARANI Giovanni PERISSINOTTO Ugo RUFFOLO Gino TROMBI

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, 2005 compared to the year ended 31st December, 2004.

Financial Highlights

	2005	2004 including IAS 39 (*)	Changes amount	%
<i>(in millions of euro)</i>				
Statement of income				
Net interest income	5,285	4,979	306	6.1
Net fee and commission income	3,904	3,473	431	12.4
Profits (Losses) on trading	675	656	19	2.9
Operating income	10,029	9,257	772	8.3
Operating costs	-5,516	-5,507	9	0.2
Operating margin.....	4,513	3,750	763	20.3
Net adjustments to loans	-715	-806	-91	-11.3
Net income	3,025	1,841	1,184	64.3
Balance sheet				
<i>(in millions of euro)</i>				
Loans to customers	169,478	159,369	10,109	6.3
Financial assets / liabilities held for trading	29,818	27,777	2,041	7.3
Financial assets available for sale	4,379	4,883	-504	-10.3
Investments	9,181	8,288	893	10.8
Total assets	273,535	274,600	-1,065	-0.4
Direct customer deposits	187,590	180,521	7,069	3.9
Indirect customer deposits	287,800	271,516	16,284	6.0
of which assets under management.....	59,045	51,014	8,031	15.7
Net interbank position	-4,660	-5,655	-995	-17.6
Shareholders' equity	16,705	13,969	2,736	19.6
Operating structure				
Number of employees	60,778	60,476	302	
– Italy	42,062	42,682	-620	
– Abroad	18,716	17,794	922	
Number of branches	3,970	3,929	41	
– Italy	3,106	3,121	-15	
– Abroad	864	808	56	

(*) Comparative figures restated using IAS/IFRS, including i) estimated impact of application of IAS 39 relating to financial instruments, ii) presentation of non-current assets held for sale and discontinued operations, related liabilities and income (loss) after tax from discontinued operations, and iii) the change in the consolidation area.

Financial Ratios

	2005	2004 including IAS39(*)
Balance sheet ratios (%)		
Loans to customers/Total assets	62.0	58.0
Investments ^(a) /Total assets	3.4	3.0
Direct customer deposits/Total assets	68.6	65.7
Assets under management/Indirect customer deposits	20.5	18.8
Statement of income ratios (%)		
Net interest income/Operating income	52.7	53.8
Net fee and commission income/Operating income	38.9	37.5
Operating costs/Operating income	55.0	59.5
Net income/Average total assets (ROA).....	1.1	0.7
Net income/Average shareholders' equity (ROE) ^(b)	22.3	15.8
Adjusted net income/Adjusted average shareholders' equity (adjusted ROE) ^(c)	24.8	16.9
Income (Loss) before tax from continuing operations/Risk -weighted assets ^(d)	2.2	1.5
Economic Value Added (E.V.A.) ^(e) (in millions of euro)	1.752	681
Risk ratios (%)		
Net doubtful loans/Loans to customers	0.7	0.6
Cumulated adjustments on doubtful loans/Gross doubtful loans to customers	69.3	70.7
Capital at Risk (C.a.R.) ^(f) - average for the year (in millions of euro)	25.6	18.4
Capital at Risk (C.a.R.) ^(f) - year -end (in millions of euro)	36.6	16.5
Capital ratios (%)^(g)		
Tier 1 capital ^(h) net of preference shares/Risk -weighted assets (Core Tier 1).....	7.10	6.69
Tier 1 capital ^(h) /Risk -weighted assets	7.94	7.64
Total capital ^(h) /Risk -weighted assets	10.34	11.02
Risk -weighted assets (in millions of euro)	190.038	182.042
Basic earnings per share (basic EPS) ^(l) - euro	0.470	0.292
Diluted earnings per share (diluted EPS) ^(m) - euro	0.469	0.290

(*) Comparative figures restated using IAS/IFRS, including i) estimated impact of application of IAS 39 relating to financial instruments, ii) presentation of non-current assets held for sale and discontinued operations, related liabilities and income (loss) after tax from discontinued operations, and iii) the change in the consolidation area.

(a) Investments include investments held to maturity, investments in associates and companies subject to joint control, property, equipment and intangible assets.

(b) Ratio between net income and weighted average of share capital, share premium reserve, reserves and valuation reserves.

(c) Ratio between net income inclusive of the change in the period in valuation reserves on assets available for sale and weighted average of share capital, share premium reserve, reserves and valuation reserves (excluding the aforementioned change in valuation reserves on assets available for sale).

(d) Total risk-weighted assets based on the relevant credit or market risk. The latter have not been restated to consider the change in the consolidation area.

(e) The indicator represents the economic value generated in the year in favour of shareholders, since it is the portion of net income which remains after having remunerated shareholders' equity via the cost of capital. The latter represents the opportunity cost and is determined using the Capital Asset Pricing Model.

(f) The indicator probabilistically measures, in terms of average or period-end figures, market risks of the trading portfolio defined as the sum of Value at Risk (VaR) in time-series simulation, delta-gamma-vega VaR (DGV) and correlated and non-correlated simulations on illiquid parameters, using a 99% confidence level and 1 working-day holding period.

(g) Figures for 2004 have not been restated to consider the change in the consolidation area.

(h) Paid-in share capital, share premium reserve and reserves and retained earnings minus treasury shares, goodwill, intangible assets and after the application of so-called "prudential filters" set out by supervisory regulations.

(i) Tier 1 capital plus eligible subordinated liabilities, valuation reserves, with the application of so-called "prudential filters", net of equity investments as set out by supervisory regulations.

(l) Net income attributable to holders of ordinary shares compared to the weighted average number of ordinary shares outstanding.

(m) The dilutive effect is connected to the issue of ordinary shares following the potential exercise of all the stock options set out in the relevant assignment plan.

CERTIFICATE OF INFORMATION IN RELATION TO THE ECP PROGRAMME

Persons Responsible

Each of Intesa Bank Ireland p.l.c., as ECP Issuer, and Banca Intesa S.p.A., as Guarantor, takes responsibility for the information in connection with the ECP Programme contained in this Information Memorandum and confirms that to its knowledge, the information contained in this document is true and does not contain any misrepresentation which would make it misleading.

The Issuer

INTESA BANK IRELAND p.l.c.

AIB International Centre, IFSC

Dublin 1

Ireland

By: _____

The Guarantor

BANCA INTESA S.p.A.

Piazza P. Ferrari, 10

20121 Milan

Italy

By: _____

Independent Auditors

The independent auditors of the Issuer are Ernst & Young, Chartered Accountants, Ernst & Young Building, Harcourt Centre, Harcourt Street, Dublin 2, Ireland, who have audited the consolidated financial statements of the Issuer as at 31st December, 2004 and 31st December, 2005.

The independent auditors of the Guarantor are Reconta Ernst & Young S.p.A., via Torino, 68, Milan 20123, Italy, who have audited the consolidated financial statements of the Guarantor as at 31st December, 2004 and 31st December, 2005.

Disclaimer Clauses

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.

**INFORMATION CONCERNING THE STEP LABEL REQUEST IN
RELATION TO THE ECP PROGRAMME**

This Information Memorandum has been submitted to the STEP Secretariat in order to apply for the STEP label for ECP Notes issued under the ECP Programme. The Status of STEP compliance of the ECP Notes issued under the ECP Programme can be checked on the STEP Market website (www.stepmarket.org).

FORM OF NOTES

Part 1

Form of ECP Global 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: Denomination:²

Principal Amount:³ Nominal Amount:⁴
(words and figures for Sterling Notes) (words and figures for Sterling Notes)

Calculation Agent:⁴ Minimum Redemption Amount:
(Principal) (words and figures for Sterling Notes)

Fixed Interest Rate:⁵% per annum Margin:⁶%

Calculation Agent:⁶ Reference Banks:⁶
(Interest)

Interest Payment Dates:⁷ Reference Rate: LIBOR/EURIBOR:⁸

Interest Commencement Date:⁹

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 4th August, 2006

-
- 1 Not to exceed 364 days from the Issue date.
- 2 ECP Notes are subject to a minimum denomination of €500,000 if denominated in Euro, U.S.\$500,000 if denominated in United States Dollars or, if denominated in a currency other than Euro or United States Dollars, the equivalent of €500,000 at the date the Programme is first publicised.
- 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.

between, *inter alios*, the Issuer, Banca Intesa S.p.A. (the **Guarantor**) and Deutsche Bank AG, London Branch 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**)). The Issuer will ensure that it maintains a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive.

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 1 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 Ireland, as the case may be; 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 or procuring 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 European Council Directive 2003/48/EC 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 a Paying Agent in another 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 SA/NV (**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.
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 4th August 2006 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) (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) (i) 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:
 - (A) 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;
 - (B) 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
- (C) 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;
- (ii) 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;
- (iii) 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;
- (iv) 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;
- (v) 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
- (vi) 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) (i) 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:
- (A) 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;

- (B) 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
- (C) 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.

- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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 12 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 Branch 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 BRANCH
 without recourse, warranty or liability
 and for authentication purposes only

By:
 (Authorised Signatory)

**SCHEDULE
PAYMENT 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

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 ECP Definitive 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:	Denomination: ²
Nominal Amount: ³	Principal Amount: ⁴
<i>(words and figures for Sterling Notes)</i>	<i>(words and figures for Sterling Notes)</i>
Fixed Interest Rate: ⁵per annum	Calculation Agent: ³
	<i>(Principal)</i>
Calculation Agent: ⁶	Minimum Redemption Amount:
<i>(Interest)</i>	<i>(words and figures for Sterling Notes)</i>
Interest Payment Dates: ⁷	Margin: ⁶
Interest Commencement Date: ⁸	Reference Banks: ⁶
	Reference Rate: LIBOR/EURIBOR ⁹

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,

1 Not to exceed 364 days from the issue date.

2 ECP Notes are subject to a minimum denomination of €500,000 if denominated in Euro, U.S.\$500,000 if denominated in United States Dollars or, if denominated in a currency other than Euro or United States Dollars, the equivalent of €500,000 at the date the Programme is first publicised.

3 Complete for index linked ECP Notes only.

4 Complete for ECP Notes other than index linked ECP Notes.

5 Complete for fixed rate interest bearing ECP Notes only.

6 Complete for floating rate interest bearing and index linked ECP Notes only.

7 Complete for interest bearing ECP Notes if interest is payable before Maturity Date.

8 Complete for interest bearing Yen denominated ECP Notes only.

9 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.

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 4th August, 2006 between the Issuer, Banca Intesa S.p.A. (the **Guarantor**) and Deutsche Bank AG, London Branch (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**)). The Issuer will ensure that it maintains a paying agent in a member state of the European Union that will not be obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced to conform to, such Directive.

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:
 - (a) 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
 - (b) with respect to any ECP Notes presented for payment:
 - (i) in the Republic of Italy or Ireland, as the case may be; or
 - (ii) 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
 - (iii) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such ECP Note by making or procuring a declaration of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so; or
 - (iv) 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
 - (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
 - (d) 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 a Paying Agent in another 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 SA/NV (**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.
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 4th August, 2006, 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 Branch 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 BRANCH
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

Pro forma Redemption Calculation
(Non-Sterling Index Linked ECP Note)

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

Calculation Date:

Calculation Agent:

Redemption Amount: to be calculated by the Calculation Agent as follows:

Redemption Amount: [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 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 4th August, 2006

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 registered under the Securities Act, 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 depository or a common depository for Euroclear Bank, S.A./N.V., (**Euroclear**) and/or Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) or to a depository 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 dated 4th August, 2006 (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 4th August, 2006, among the ECP Issuer and Deutsche Bank AG, London Branch 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 4th August, 2006, 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:
 - (a) 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
 - (b) to each Relevant Account Holder the due and punctual payment of principal, interest and all other sums from time to time payable by the ECP Issuer to such Relevant Account Holder in respect of the Direct Rights as and when the same become due and payable, and accordingly undertakes to pay to such Relevant Account Holder, 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 Relevant Account Holder 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

- 3.1 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:

- (a) 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
- (b) with respect to any Notes presented for payment:
 - (i) in Ireland or, as the case may be the Republic of Italy; or
 - (ii) 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
 - (ii) 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, or procuring, a declaration of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so; or
 - (iv) 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
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to a paying agent in another 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:
 - (a) 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
 - (b) 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
 - (c) 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

- (d) 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
 - (e) 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:
- (a) to make any demand of an Issuer, other than the presentation of the relevant Note; or
 - (b) to take any action or obtain judgment in any court against an Issuer; or
 - (c) to make or file any claim or proof in a winding-up or dissolution of an Issuer.
- 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:
- (a) to be indemnified by such Issuer; and/or
 - (b) 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
 - (c) 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
 - (d) 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
 - (e) 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:

Largo Mattioli, 3
20121 Milan
Italy

Telephone: +39 02 8540 9378/9215/9299

Fax: +39 02 8540 9291/9095

Attention: Mr. Fabrizio Tallei/Mr. Fabio Baroni/Mr. Emanuele Renati – Treasury Department

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.

SIGNATORIES

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 the Republic of 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.

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*.

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*), in each case which are principal protected and have 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.

Where the Italian resident Noteholder is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected; (ii) a non-commercial partnership; (iii) a non-commercial private or public institution; (iv) an investor exempt from Italian corporate income taxation; (v) 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); (vi) an open-ended or closed-ended investment fund or (vii) 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) and (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

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).

Under the current regime provided by Law Decree No. 351 of 25 September 2001 converted into law with amendments by Law No. 410 of 23 November 2001, as clarified by the Italian Ministry of Economics and Finance through Circular No. 47/E of 8 August 2003, payments of Interest in respect of the Notes made to Italian resident real estate investment funds established pursuant to Art. 37 of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 14-*bis* of Law No. 86 of 25 January 1994 are subject neither to substitute tax nor to any other income tax in the hands of a real estate investment fund.

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 the Republic of Italy or be a permanent establishment in the Republic of 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 the Republic of 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 the Republic of Italy may apply allowing for a lower (or, in certain cases, nil) rate of withholding tax. In accordance with another interpretation 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.

Atypical securities

Interest payments relating to Notes that are not deemed to fall within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) because they are not principal protected may be subject to a withholding tax, levied at the rate of 27 per cent. in the cases and terms specified by Article 8 of Law Decree No. 512 of 30 September 1983.

Implementation in the Republic of Italy of the EU Savings Directive

The Republic of Italy has implemented the EU Savings Directive through Legislative Decree No. 84 of April 18, 2005 (**Decree No. 84**). Under Decree No. 84, subject to a number of important conditions being met, in the case of interest paid to individuals which qualify as beneficial owners of the interest payment and are resident for tax purposes in another Member State, Italian qualified paying agents shall not apply the withholding tax and shall report to the Italian Tax Authorities details of the relevant payments and personal information on the individual beneficial owner. Such information is transmitted by the Italian Tax Authorities to the competent foreign tax authorities of the State of residence of the beneficial owner.

Enforcement of Judgments in the Republic of Italy

If any judgment rendered in connection with the Notes were to be enforced in the Republic of Italy, a nominal stamp duty on the judgment and a registration tax not exceeding three per cent. of the amount shown in the judgment to be enforced in the Republic of 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 per cent.) from certain interest payments or other returns on a relevant deposit.

DIRT will not apply where the Note is of the requisite minimum denomination outlined in this Document and either:

- (a) the Note is held in a recognised clearing system such as Euroclear or Clearstream, Luxembourg; or
- (b) the person by whom the payment is made, or the person through whom the payment is made, is resident in Ireland or the payment is made by or through an Irish branch or agency through which a company that is not resident in Ireland carries on a trade business; and either:
 - (i) the person who is beneficially entitled to the interest is a resident of Ireland who has provided their tax number to the payer; or
 - (ii) the person who is the beneficial owner of the Note and who is beneficially entitled to the interest thereon is not resident in Ireland and has made a declaration in the prescribed form.

In addition, DIRT will not apply to interest or other returns on Notes in certain situations, including where the person that is beneficially entitled to the interest thereon is not resident in Ireland and an appropriate declaration, as referred to in section 256 of the Taxes Act, is made.

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 per cent.) 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 per cent.) 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 per cent. 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 per cent.). 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 per cent.) 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 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.

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.

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 except where that person has been resident in Ireland for the five consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

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 per cent. 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 1 per cent. 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

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are 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. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to 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). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland).

United States Taxation

To ensure compliance with U.S. Treasury Department regulations, we advise you that any tax discussion herein was not written and is not intended to be used and cannot be used by any taxpayer for purposes of avoiding U.S. federal income tax penalties that may be imposed on the taxpayer. Any such tax discussion was written to support the promotion or marketing of the Notes to be issued pursuant to this Information Memorandum. Each taxpayer should seek advice based on the taxpayer's particular circumstances from an independent tax advisor.

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 organized 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 is, for U.S. Federal income tax purposes, an individual, corporation trust or estate and 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 of business within the United States. 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 duly certified 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 within the United States or (y) in the case 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) or otherwise to comply with the “backup” withholding rules. 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, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons except in 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 (and each further ECP Dealer appointed under the Programme will be required to further represent and agree) 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 Financial Services and Markets Act 2000 (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 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 (as amended, replaced or consolidated from time to time including, without limitation, by Directive 2006/48/EC of the European Parliament and the Council of 14 June 2006 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

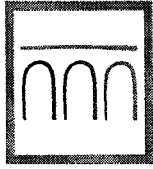
The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, each of the ECP Dealers has represented and agreed and each further ECP Dealer will be required to represent and agree, that it will not offer, sell or otherwise deliver any Notes or distribute copies of the Information Memorandum or any other document relating to the Notes in the Republic of 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. 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 the Republic of Italy under (i) or (ii) above must be:

- (a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of 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 the Republic of 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 the Republic of Italy and their characteristics; and
- (c) in compliance with any other applicable laws and regulations.

APPENDIX 1

Intesa Bank Ireland p.l.c. Directors' Report and Financial Statements for the year ended 31st December, 2005

The Intesa Bank Ireland p.l.c. Directors' Report and Financial Statements for the year ended 31st December, 2005 (which incorporates the financial statements for the year ended 31st December, 2004, as restated to reflect the change in accounting policy to IFRS) is set out below:



Intesa Bank
IRELAND plc

INTESA BANK IRELAND plc

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED

31 DECEMBER 2005

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2005

TABLE OF CONTENTS	PAGE
COMPANY INFORMATION	2
DIRECTORS' REPORT	3
INDEPENDENT AUDITORS' REPORT	7
INCOME STATEMENT	9
BALANCE SHEET	10
STATEMENT OF CHANGES IN EQUITY	11
CASH FLOW STATEMENT	12
NOTES TO THE FINANCIAL STATEMENTS	13

COMPANY INFORMATION

DIRECTORS

John Broughan – Chairman
Richard Barkley (British)
Robert Burke
Luigi Carnelli (Italian)
(resigned 27 September 2005)
Giuliana Tozzi (Italian)
(appointed 27 October 2005)
Sandro Cocco (Italian)
Walter Ambrogi (Italian)
(appointed 27 October 2005)
Andrew Plomp (British)
(appointed 27 October 2005)

SECRETARY

Andrew Plomp

REGISTERED OFFICE

AIB International Centre,
IFSC,
Dublin 1.

REGISTERED NUMBER OF INCORPORATION

217741

SOLICITORS

McCann FitzGerald,
2 Harbourmaster Place,
International Financial Services Centre,
Dublin 1.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

DIRECTORS' REPORT
for the year ended 31 December 2005

The directors have pleasure in submitting their report and financial statements for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

Intesa Bank Ireland plc (the 'Bank' or the 'Company') has been granted a banking licence by the Central Bank of Ireland under Section 9 of the Central Bank Act, 1971, and is engaged in wholesale banking business.

The Bank's activities include the arrangement, underwriting and provision of finance, principally targeted at major corporate clients and financial institutions in both the Irish and international markets, entering into specialist financial transactions, including aircraft financing and other asset-based and structured products, the issue of guarantees, acceptance of wholesale customer deposits, portfolio investment, and related treasury and derivatives operations.

REVIEW OF RESULTS AND DEVELOPMENT OF THE BUSINESS

The results and financial position of the Bank are set out on pages 9 and 10.

During the period under review, the Bank has continued to develop its international lending and financing activities in accordance with its strategic plan.

External factors impacting on the business include continued sluggish growth in the European economy with the longstanding and remarkable exception of Ireland, with some better activity in the US accompanied by significant interest rate rises. Heightened demand resulting from rapid growth in Asia, notably in China and India, has resulted in marked increases in commodity and energy prices.

The relatively low interest rate scenario and the continuing overhang of liquidity has seen the compression of margins on financial exposures below reasonable levels of return for risk, necessitating continuation of our selective and prudent business development policies and close attention to the monitoring of all aspects of risk.

The adoption of the new IFRS accounting standards has engaged substantial resources of staff and systems. The essentially medium-term business of the Bank has now to be viewed on a current pricing basis, introducing volatilities into the results.

Substantial growth in the Bank's balance sheet to a total of €4,400m reflects an active role as an issuer of medium term notes and commercial paper under the Banca Intesa Group funding programmes. Loan assets have suffered from widespread refinancing to take advantage of lower margins, while the proprietary fixed income portfolio has been maintained on a selective basis.

The principal risks faced by the Bank are interest rate risk and credit risk. The financial risk management objectives and policies of the Bank are fully described in Note 3 to the financial statements.

DIRECTORS' REPORT

for the year ended 31 December 2005 (Continued)

REVIEW OF RESULTS AND DEVELOPMENT OF THE BUSINESS (Continued)

Total income before operating expenses reached €25m, including a significant recovery on termination of assets written down at first time adoption of IFRS. Administrative costs remain under tight control at just over €2m. A net recovery of impairment provisions of nearly €3m has assisted the achievement of a profit before taxation of €25m, an increase of nearly 19% on the 2004 result under previous GAAP. Net profits after tax rose to €23m. A dividend of €9m was paid in respect of the year 2004 and €14m was transferred to reserves.

No interim dividend was paid in respect of the year (2004: €5m). The directors have proposed a final dividend of €100 per ordinary share, amounting to € 16m in respect of the year 2005 (2004: €9m).

FUTURE DEVELOPMENTS IN THE BUSINESS

The directors intend to continue developing the Bank's international lending and financial activities.

DIRECTORS AND SECRETARIES INTERESTS

The directors and secretary who held office at 31 December 2005 had no interest in the shares, debentures or loan stock of the Bank or any group company except for:

	<i>at 31 December 2005</i>	<i>at 1 January 2005</i>
Sandro Cocco		
-Banca Intesa SpA		
savings shares of €0.52 each	2,000	2,000
-Options to acquire Banca Intesa SpA		
ordinary shares of €0.52 each	35,000	105,000
Giuliana Tozzi		
-Banca Intesa SpA		
ordinary shares of €0.52 each	169,500	-

The articles of association do not require the directors to retire by rotation.

DIRECTORS' REPORT
for the year ended 31 December 2005 (Continued)

ACCOUNTING RECORDS

The directors believe that they have complied with the requirements of Section 202 of the Companies Act, 1990 with regard to books of account by employing accounting personnel with appropriate expertise and by providing adequate resources to the financial function. The books of account of the Company are maintained at AIB International Centre, IFSC, Dublin 1.

POST BALANCE SHEET EVENTS

There were no post balance sheet events which would require disclosure.

*STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF
THE FINANCIAL STATEMENTS*

The directors are responsible for preparing the financial statements in accordance with applicable Irish law including those International Financial Reporting Standards adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- present information, including the accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- state that the Company has complied with IFRSs, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper books of account which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements are prepared in accordance with the Companies Acts, 1963 to 2005. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT
for the year ended 31 December 2005 (Continued)

AUDITORS

Ernst & Young, Chartered Accountants, will continue in office in accordance with Section 160(2) of the Companies Act, 1963,

On behalf of the Directors

			
Robert Burke Director	Giuliana Tozzi Director	Richard Barkley Director	Andrew Plomp Director and Secretary

Date: 1 March 2006

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INTESA BANK IRELAND plc**

We have audited the Company financial statements of Intesa Bank Ireland plc for the year ended 31 December 2005 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 35. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 193 of the Companies Act, 1990. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable Irish law and International Financial Reporting Standards (IFRSs) as adopted by the European Union as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Acts, 1963 to 2005. We also report to you our opinion as to: whether proper books of account have been kept by the Company; whether, at the balance sheet date, there exists a financial situation which may require the convening of an extraordinary general meeting of the Company; and whether the information given in the Directors' Report is consistent with the financial statements. In addition, we state whether we have obtained all the information and explanations necessary for the purposes of our audit and whether the financial statements are in agreement with the books of account.

We also report to you if, in our opinion, any information specified by law regarding directors' remuneration and other transactions is not disclosed and, where practicable, include such information in our report.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

Continued /...

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INTESA BANK IRELAND plc (Continued)*****Basis of audit opinion (Continued)***

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

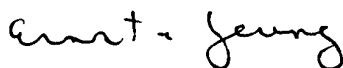
Opinion

In our opinion the financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of affairs of the Company as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Acts, 1963 to 2005.

We have obtained all the information and explanations we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company. The financial statements are in agreement with the books of account.

In our opinion the information given in the Directors' Report is consistent with the financial statements.

In our opinion, the balance sheet does not disclose a financial situation which under section 40(1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the Company.



Ernst & Young
Registered Auditors

Dublin

Date: 1 March 2006

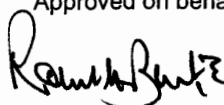
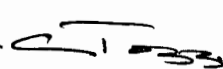

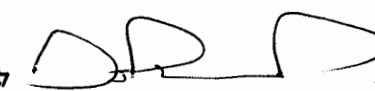
INTESA BANK IRELAND plc

INCOME STATEMENT
for the year ended 31 December 2005

	Notes	2005 €'000	2004 €'000
Interest receivable and similar income			
Interest receivable and similar income		173,556	112,857
Less: -interest payable and similar charges		(122,117)	(95,490)
-changes in valuations of derivative financial instruments		(26,801)	-
Net interest income	7	24,638	17,367
Other income			
Fees and commissions income		676	1,624
Fees and commissions expense		(476)	(1,532)
Gains less losses from available-for-sale asset disposals		83	-
Other operating income		92	1,143
Total income		25,013	18,602
Operating expenses			
Administrative expenses	8	(2,174)	(2,064)
Depreciation		(329)	(804)
Exchange losses		-	(49)
Operating profit before collective impairment provisions		22,510	15,685
Release of loan impairment provision	9	2,939	5,726
Profit before taxation	10	25,449	21,411
Taxation	12	(2,549)	(1,817)
Profit for the period		22,900	19,594

The accompanying notes form an integral part of the financial statements.

Approved on behalf of the Board on 1 March 2006

Robert Burke Giuliana Tozzi Richard Barkley Andrew Plomp
 Director Director Director Director and Secretary

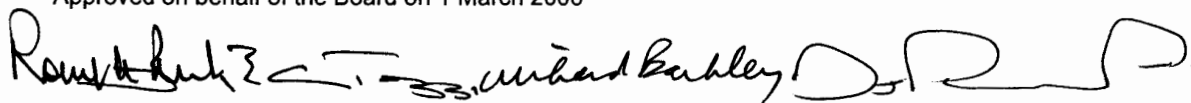
INTESA BANK IRELAND plc

BALANCE SHEET
at 31 December 2005

	Note	2005 €'000	2004 €'000
Assets			
Cash and balances with central banks	14	7,183	9,747
Loans and advances to banks	15	2,547,650	906,668
Loans and advances to customers	16	473,650	530,200
Debt securities held at fair value through profit or loss	17	1,166,782	-
Debt securities – available-for-sale	18	562,250	-
Debt securities		-	1,394,216
Derivative financial instruments	19	76,752	-
Property, plant and equipment	20	2	11,609
Deferred income tax assets	21	625	-
Other assets	22	2,108	30,257
Total assets		4,837,002	2,882,697
Liabilities			
Deposits from banks	23	1,632,417	1,313,804
Due to customers	24	548,428	272,504
Derivative financial instruments	19	409,695	-
Debt securities in issue	25	1,835,998	850,148
Current income tax liabilities	26	3,211	760
Deferred income tax liabilities		-	485
Other liabilities	26	961	51,086
Total liabilities		4,430,710	2,488,787
Equity			
Called up share capital	27	8,000	8,000
Profit and loss account		44,882	30,982
Other reserves	28	353,410	354,928
Total equity		406,292	393,910
Total equity and liabilities		4,837,002	2,882,697

The accompanying notes form an integral part of the financial statements.

Approved on behalf of the Board on 1 March 2006


 Robert Burke Giuliana Tozzi Richard Barkley Andrew Plomp
 Director Director Director Director and Secretary

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2005

	<i>Called up Share Capital</i> €'000	<i>Profit and Loss Account</i> €'000	<i>Other Reserves</i> €'000	<i>Total</i> €'000
At 1 January 2004	8,000	32,388	354,928	395,316
Net profit for 2004	-	19,594	-	19,594
Dividend paid for 2003	-	(16,000)	-	(16,000)
Interim dividend paid for 2004	-	(5,000)	-	(5,000)
Adjusted balance at 31 December 2004	8,000	30,982	354,928	393,910
Adoption of IAS 32 and 39, net of tax	-	-	(833)	(833)
Adjusted balance at 1 January 2005	8,000	30,982	354,095	393,077
Net profit for 2005	-	22,900	-	22,900
Dividend paid for 2004	-	(9,000)	-	(9,000)
Net change available-for-sale asset investments, net of tax (total recognised directly in equity)	-	-	(685)	(685)
At 31 December 2005	8,000	44,882	353,410	406,292

CASH FLOW STATEMENT
for the year ended 31 December 2005

	2005 €'000	2004 €'000
Cash flows from operating activities		
Profit before tax	25,449	21,411
Decrease in assets	27,539	17,226
Dividend paid	(9,000)	(5,000)
Increase in liabilities	(48,608)	(24,814)
Taxation paid	(2,100)	(2,047)
	<hr/>	<hr/>
Net cash flows from operating activities	(6,720)	6,776
Cash flows from investing activities		
Sale of tangible fixed asset	11,592	-
Cash payment in debt securities held at FVTPL	(1,166,782)	-
Cash payment in derivative financial instruments	(76,752)	-
Cash payment in debt securities- available-for-sale	(563,768)	-
Cash payment / repayment in debt securities	1,394,216	(79,380)
Cash payments for derivative financial instruments	409,695	-
Cash payments for debt securities in issue	985,850	190,536
	<hr/>	<hr/>
Net cash flows from investing activities	994,051	111,156
Cash flows from financing activities		
Cash payment in loans and advances to banks	(1,640,982)	(130,154)
Cash repayment in loans and advances to customers	56,550	22,549
Cash payments received from banks	318,613	(49,468)
Cash payments received from customers	275,924	39,350
	<hr/>	<hr/>
Net cash flows from financing activities	(989,895)	(117,723)
	<hr/>	<hr/>
Net movement in cash and cash equivalents	(2,564)	209
Cash and cash equivalents at the beginning of the year	9,747	9,538
	<hr/>	<hr/>
Cash and cash equivalents at the end of year	7,183	9,747
	<hr/> <hr/>	<hr/> <hr/>

Interest received as cash during the year amounted to €157m (2004: €125m), while interest paid as cash amounted to €142m (2004: €108m).

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005

1. BASIS OF PREPARATION

Intesa Bank Ireland plc (the "Bank" or the "Company") is a company registered and domiciled in Ireland. It is engaged in the business of wholesale banking and in the provision of financial services. The Company's financial statements for the year ended 31 December 2005 were authorised for issue by a resolution of the Board of Directors on 1 March 2006.

The ultimate parent of the Company is Banca Intesa S.p.A. which is incorporated in Italy. The largest group into which the results of the Company are consolidated is that headed by Banca Intesa S.p.A.. Copies of the financial statements of Banca Intesa S.p.A. may be obtained from the parent company's registered office at Piazza Paolo Ferrari 10, 20121 Milan, Italy.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities held at fair value through profit or loss and all derivative contracts.

The reporting currency used in these financial statements is euro, which is denoted by the symbol '€'. Amounts are rounded to the nearest thousand ('000) except where otherwise indicated.

The balance sheet has presented assets and liabilities in order of their liquidity, which the directors consider to be more relevant to the Company's business than a current/non-current classification.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) *Statement of compliance*

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards and related International Accounting Standards Board interpretations as adopted by the European Union and as applied by the Companies Acts 1963 to 2005. These are the first financial statements prepared under IFRS.

Up to and including 31 December 2004, the Company prepared its financial statements in accordance with Irish Generally Accepted Accounting Principles (previous GAAP). Reconciliations and descriptions of the effect of the transition from previous GAAP to IFRS on the Company's balance sheet and income statement are detailed in Note 5.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(b) *Foreign currencies*

The functional and presentation currency is euro.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currency are retranslated at the functional currency rate ruling at the date of transaction. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rate at the date when the fair value was determined.

Translation differences arising from the application of year-end exchange rates are recognised in the income statement.

(c) *Segment reporting*

The financial statements contain a geographical segment analysis of the Company's assets and liabilities. This is the analysis of geographical areas where the Company's exposure may be subject to risks and returns resulting from the relative economic environment that are different from those affecting other geographical areas.

(d) *Revenue recognition*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured.

Interest income and expense are recognised in the income statement for all instruments measured at amortised cost using the effective interest method. This is a method of calculating the amortised cost of a financial asset or liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts to the net carrying amount of the financial asset or liability for the duration of the expected life of the financial instrument or, when appropriate, a shorter period.

Fees and commissions which represent a return for services provided or risks borne are credited to income over the period during which the service is performed or the risk is borne as the case may be.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(e) *Financial assets*

- From 1 January 2004 to 31 December 2004

Debt securities held as financial assets are valued at amortised cost. When sold before maturity the difference between the proceeds and the cost (adjusted for the amortisations of premiums and discounts) is taken to the income statement in the year of realisation.

- From 1 January 2005

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss; loans and receivables; available-for-sale financial assets; or as held-to-maturity investments, as appropriate. The classification depends on the purpose for which the assets were acquired. The Company determines the classification of its financial assets at initial recognition and re-evaluates this designation at each financial year-end. On first application of IAS 32 and IAS 39, the Company has not restated comparative amounts for 2004, as permitted in paragraph 36A of IFRS 1.

Purchases and sales of financial assets at fair value through the income statement, held-to-maturity and available-for-sale are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Loans are recognised when cash is advanced to borrowers. The measurement of financial assets thereafter depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets classified as held for trading and other assets designated as such on inception are included in this category. Financial assets are classified as held for trading if they are acquired for sale in the short term. Derivatives are also classified as held for trading unless they are designated as hedging instruments. Financial assets are carried in the balance sheet at fair value, with gains or losses on financial assets at fair value through profit or loss recognised in the income statement. The Company does not hold any financial assets classified as held for trading at 31 December 2005.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Company has the positive intention and ability to hold to maturity. The Company does not have any held-to-maturity financial assets at 31 December 2005.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(f) *Financial assets (Continued)*

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated at either fair value through profit or loss or available-for-sale. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as such or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains or losses being recognised as a separate component of equity, the available-for-sale reserve, until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement.

Fair Value

The fair values of quoted investments are based on current bid prices, from pricing sources such as Bloomberg. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, and discounted cash flow analysis refined to reflect the issuer's specific circumstances. Approximately 13% of the value of the Company's assets carried at fair value derives from the application of valuation techniques.

(g) *Impairment of financial assets*

The Company assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced, and the amount of the loss is recognised in the income statement.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the income statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(h) *Impairment of financial assets (Continued)*

Available-for-sale financial assets

If an available-for-sale asset is impaired, an amount equal to the difference between its cost (net of any principal payment and amortisation) and its fair value is transferred from equity to the income statement. Reversals of impairment losses on debt instruments are effected through the income statement if the increase in fair value of the instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

(i) *Hedging*

The Company uses derivative financial instruments to hedge its exposure to interest rate risks. In accordance with its policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting under IFRS are accounted for as trading instruments.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of derivative financial instruments is the estimated amount that the Company would receive or pay to terminate the instrument at the balance sheet date. Interest Rate Swaps are valued by calculating the net present value of the cashflows over the life of the swap, cross currency interest rate swaps are calculated in same method with an additional foreign exchange element which is the difference between current and contract exchange rates.

A derivative may be embedded in a "host contract". Such combinations are known as compound instruments. If the host contract is not carried at fair value with changes in fair value reported in the income statement, the embedded derivative is separated from the host contract and accounted for as a standalone derivative instrument at fair value, if, and only if, the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract and the embedded derivative actually meets the definition of a derivative.

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(j) *Fair value hedges*

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised on a straight line basis to the income statement over the period to maturity. The adjustment to the carrying amount of a hedged equity security remains in retained earnings until the disposal of the security.

(k) *Property, plant and equipment*

Fixtures and fittings are depreciated at rates of between 10% and 40% depending on the nature of the asset.

A leased aircraft asset was being depreciated on a straight line basis over 10 years to its expected residual value of 50% of cost at that date. This asset was sold during the year.

(l) *Cash and cash equivalents*

For the purpose of the cash flow statement, cash and short-term deposits comprise cash at banks and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of such cash and short-term deposits.

(m) *Provisions*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(n) *Income taxes*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided using the liability method on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

The principal temporary differences arise from the revaluation of certain financial assets and liabilities including derivative contracts. Deferred tax related to fair value re-measurement of available-for-sale investments and cash flow hedges, which are charged or credited directly to equity, is also credited or charged directly to equity and is subsequently recognised in the income statement together with the deferred gain or loss.

Income tax is charged or credited directly to equity if it relates to items that are credited or charged to equity. Otherwise income tax is recognised in the income statement.

(o) *Derecognition of financial assets and liabilities*

Financial assets

A financial asset is derecognised where:

- the rights to receive cash flows from the assets have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(p) *Accounting for derivative financial instruments and hedging activities*

From 1 January 2004 to 31 December 2004

Derivative financial instruments are designated 'hedging' or 'non-hedging' instruments. The transactions that can meet the conditions for hedge accounting according to the Company's policy for risk management, are classified as hedging transactions; the others, although set up for the purpose of managing risk (since the Company's policy does not permit speculative transactions), have been designated as 'trading'. The Company records derivative financial instruments at cost. The gains and losses on derivative financial instruments are included in the income statement to match the underlying hedged transactions where relevant.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

For foreign exchange instruments designated as hedges, the premium (or discount) representing the difference between the spot exchange rate at the inception of the contract and the forward exchange rate is included in the income statement, in net interest income, in accordance with the accruals method.

For interest rate instruments designated as hedges, the interest rate differential is included in the income statement, in interest receivable and similar income, in accordance with the accruals method, offsetting the effects of the hedged transaction.

From 1 January 2005 onwards

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Company designates derivatives as hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge).

The Company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values of hedged items.

Changes in the fair value of hedges that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the balance sheet date. The fair value of financial instruments that are not traded in an active market (such as over the counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of the forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

2. ACCOUNTING POLICIES (Continued)

(q) *Adoption of IFRS during the year*

New standards and interpretations not applied

During the year, the IASB and IFRIC have issued the following standards and interpretations with an effective date after the date of these financial statements:

International Accounting Standards (IAS / IFRSs)		Effective date
IFRS 1	Amendment relating to IFRS 6	1 January 2006
IFRS 4	Insurance Contracts (Amendment to IAS 39 and IFRS 4 – Financial Guarantee Contracts)	1 January 2006
IFRS 6	Exploration for and Evaluation of Mineral Assets	1 January 2006
IFRS 6	Amendment relating to IFRS 6	1 January 2006
IFRS 7	Financial Instruments: Disclosures	1 January 2007
IAS 1	Amendment – Presentation of Financial Statements: Capital Disclosures	1 January 2007
IAS 19	Amendment – Actuarial Gains and Losses, Group Plans and Disclosures	1 January 2006
IAS 39	Fair Value Option	1 January 2006
IAS 39	Amendments to IAS 39 – Transition and Initial Recognition of Financial Assets and Financial Liabilities (Day 1 profits)	1 January 2006
IAS 39	Cash Flow Hedge Accounting	1 January 2006
IAS 39	Amendment to IAS 39 and IFRS 4 – Financial Guarantee Contracts	1 January 2006
International Financial Reporting Interpretations Committee (IFRIC)		
IFRIC 4	Determining whether an arrangement contains a lease	1 January 2006
IFRIC 5	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2006
IFRIC 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 December 2005

The Board of Directors do not anticipate that the adoption of these standards and interpretations will have a material impact on the Company's financial statements in the period of initial application.

Upon adoption of IFRS 7, the Company will have to disclose additional information about its financial instruments, their significance and the nature and extent of risks that they give rise to. More specifically the Company will need to disclose the fair value of its financial instruments and its risk exposure in greater detail. There will be no effect on reported income or net assets.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

3. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk, liquidity risk, operational risk and interest-rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by management under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk, interest-rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investing excess liquidity.

(a) *Market risk*

Market Risk is the potential adverse change in income or the value of net worth arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the balance sheet, the execution of interbank business and proprietary trading. The Company recognises that the effective management of market risk is essential to the maintenance of stable earnings, the preservation of shareholder value and the achievement of the Company's objectives.

Non-trading book

The Company's non-trading book consists of fixed income securities and the loan portfolio. In the non-trading areas foreign exchange and interest rate risk arise primarily from the Company's core banking businesses. The exposure in these books is hedged using matched funding, interest rate swaps and other conventional hedging instruments. The Company's non-trading book exposure is analysed by maturity profile in each major currency.

An interest rate sensitivity analysis of the Company's balance sheet is included in Note 33.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

3. FINANCIAL RISK MANAGEMENT (Continued)

Financial risk factors (Continued)

(b) *Credit risk*

The Company has approved procedures and limits for accepting credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Regular reviews of risk concentrations, including those to individual counterparties, rating profiles, countries and geographic regions are undertaken by the Executive Committee and the Board of Directors.

The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers. Such risks are monitored on a revolving basis and subject to an annual or more frequent review.

A geographical analysis of the Company's assets is included in Note 35.

(c) *Currency risk*

It is the Company's policy to hedge currency positions to ensure that no material currency exposures exist. As a result of taking into account the effect of funding, currency swaps, forward contracts and other financial instruments that contribute to the matching of currency exposures, there are no material currency exposures in the Company's balance sheet as at 31 December 2005. An analysis of the Company's balance sheet by currency is included in Note 34.

(d) *Liquidity risk*

It is the Company's policy, as established by the Board of Directors, to ensure that resources are available at all times to meet the Company's obligations. The implementation of this policy is the responsibility of the Executive Committee. The day-to-day management of liquidity is the responsibility of the Company's management.

(e) *Operational risk*

Operational risk represents the risk that failed or inadequate processes, staffing arrangements or systems or exposure to external events would result in unexpected losses. The risk is associated with human error, systems failure and inadequate control procedures.

The Company operates such measures of risk identification, assessment, monitoring and management as are necessary to ensure that operational risk management is consistent with the approach, aims and strategic goals of the Company.

(f) *Interest rate risk*

It is the Company's policy to hedge interest rate risks to ensure no material current exposures exist. As a result of taking into account the effect of funding, interest rate swaps, forward contracts and other financial instruments that contribute to the matching of interest rate exposures, there are no material interest rate exposures in the Company's balance sheet as at 31 December 2005.

An interest rate sensitivity analysis is included in Note 33.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

One such area relates to the fair values of financial instruments that are not quoted in active markets. These values are determined by using valuation techniques. Where valuation techniques are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. To the extent practical, models use only observable data; however areas such as credit risk, volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

5. TRANSITION TO IFRS

The Company's financial statements for the year ended 31 December 2005 are the first financial statements that comply with IFRS. The Company has applied IFRS 1 in preparing these financial statements. The Company's IFRS adoption date is 1 January 2005.

The Company has elected to apply for the exemption from restatement of comparatives for IAS 32 and IAS 39. It applies previous GAAP rules to derivatives, financial assets and financial liabilities and to hedging relationships for the 2004 comparative information. The adjustments required for differences between previous GAAP and IAS 32 and IAS 39 are determined and recognised at 1 January 2005. The adjustments are detailed in Note 5.2.

The Company has also applied the exemption offered by the revision of IAS 39 on the initial recognition of the financial instruments measured at fair value through profit or loss.

The following reconciliations provide a quantification of the effect of the transition to IFRS.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

5. TRANSITION TO IFRS (Continued)

5.1 Reconciliation of equity reported under previous GAAP to equity under IFRS

	<i>1 January</i> <i>2004</i> €'000	<i>31 December</i> <i>2004</i> €'000
Equity as reported under Irish GAAP	379,316	384,910
Adjusted for dividends proposed	16,000	9,000
Equity as reported under IFRS	<u>395,316</u>	<u>393,910</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

5.2 Reconciliation of equity at 1 January 2005

	Note	Previous GAAP €'000	Adoption of IAS 32/39 €'000	IFRS at 01/01/05 €'000
Assets				
Cash and balances with central banks		9,747	-	9,747
Loans and advances to banks	(a)	906,668	6,742	913,410
Debt securities held at fair value through profit or loss	(b)	-	1,129,413	1,129,413
Loans and advances to customers	(c)	530,200	23,042	553,242
Debt securities held as financial fixed assets	(d)	1,394,216	(1,391,634)	2,582
Debt securities – available -for-sale	(e)	-	556,898	556,898
Property, plant and equipment		11,609	-	11,609
Deferred income tax assets		-	113	113
Other assets	(f)	30,257	(20,515)	9,742
Total assets		<u>2,882,697</u>	<u>304,059</u>	<u>3,186,756</u>
Liabilities				
Deposits from banks		1,313,804	5,369	1,319,173
Derivative financial instruments	(g)	-	304,188	304,188
Deposits by customers		272,504	1,023	273,527
Debt securities in issue		850,148	2,369	852,517
Deferred income tax liabilities		485	-	485
Other liabilities	(h)	51,846	(8,057)	43,789
Total liabilities		<u>2,488,787</u>	<u>304,892</u>	<u>2,793,679</u>
Equity				
Called up share capital		8,000	-	8,000
Profit and loss account		30,982	-	30,982
Other reserves	(i)	354,928	(833)	354,095
Total equity		<u>393,910</u>	<u>(833)</u>	<u>393,077</u>
Total equity and liabilities		<u>2,882,697</u>	<u>304,059</u>	<u>3,186,756</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

5. TRANSITION TO IFRS (Continued)

5.2 Notes to the reconciliation of equity at 1 January 2005

- (a) Loans and advances to banks includes all of the assets as under previous GAAP, but now also includes the related interest accrual. There is no change to the carrying value of these loans as a result of implementing IFRS.
- (b) Debt securities held at fair value through profit or loss were previously included in debt securities held as financial fixed assets. These bonds are now carried at market values.
- (c) Loans and advances to customers still include all of the assets as under previous GAAP, but now also include the related interest accrual. There is no change to the carrying value of this category.
- (d) The category "debt securities held as financial fixed assets" no longer exists under IFRS. The residual amount of € 2.6m represents redemptions in early January 2005. The items in this category have been reclassified as either available-for-sale or held at fair value through profit or loss.
- (e) Investment securities—available-for-sale include all financial assets not classified as loans and advances to banks and customers (i.e. loans and receivables) or held at fair value through profit or loss. These securities were previously included in debt securities held as financial fixed assets. The carrying value of these securities under previous GAAP was € 551.6m.
- (f) Other assets previously included interest accruals now reclassified under the relevant balance sheet category.
- (g) This includes derivative financial instruments which are valued at fair value through profit or loss. These items were previously off balance sheet.
- (h) Other liabilities previously included interest accruals now reclassified under the relevant balance sheet category.
- (i) Other reserves includes both the available-for-sale reserve, which is the change in value of available-for-sale assets and also the first time adoption reserve created by the change in value of assets now classified as fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

6. SEGMENT INFORMATION

(a) *Primary reporting format – business segments*

A business segment is defined as a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. The Company operates in one business segment, and as a result segment information along business segments is not necessary.

(b) *Secondary reporting format – geographical segments*

The Company has exposure within particular geographical areas that may be subject to risks and returns resulting from the relative economic environment that are different from those affecting other geographical areas. The home country of the Company is Ireland. A breakdown of the assets and liabilities of the Company by geographical segment is detailed in Note 35.

7. NET INTEREST INCOME	2005 €'000	2004 €'000
Interest receivable and similar income arising from:		
- debt securities and other fixed income securities	75,155	73,534
- other interest receivable and similar income	98,401	39,323
	<u>173,556</u>	<u>112,857</u>
Interest payable due to:		
- debt securities in issue	(63,589)	(24,238)
- other interest payable	(58,528)	(71,252)
	<u>(122,117)</u>	<u>(95,490)</u>
Changes in valuations of derivative financial instruments	(26,801)	-
Net interest income	<u><u>24,638</u></u>	<u><u>17,367</u></u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005

8.	ADMINISTRATIVE EXPENSES	2005 €'000	2004 €'000
	Staff costs		
	- wages and salaries	920	899
	- social welfare costs	101	92
	- pension costs	109	106
		<u>1,130</u>	<u>1,097</u>
	Other administrative expenses	1,044	967
		<u>2,174</u>	<u>2,064</u>

The average number of people employed during the year was 13 (2004: 13).

9.	IMPAIRMENT LOSSES ON LOANS AND ADVANCES	Total €'000
	Opening balance	
	at 1 January 2005	18,014
	Increase of impairment provision	350
	Release of impairment provision	(3,289)
	Write-off of impairment provision on disposal of loans	(11,140)
		<u>3,935</u>
	Balance at 31 December 2005	<u>3,935</u>

There was a net release of impairment provision to the income statement of €2.939m (2004: €5.726m) during the year.

10.	PROFIT BEFORE TAXATION	2005 €'000	2004 €'000
	This is stated after charging/ (crediting):-		
	Auditors' remuneration	25	25
	Operating lease rental	(424)	(1,156)
	Depreciation	329	804
	Directors' fees	37	39
	Directors' emoluments	247	280
		<u>247</u>	<u>280</u>

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

11. PENSIONS

The pension charges relate to the Company's contribution to group defined benefit pension schemes and defined contribution pension schemes.

The Company participates in the two schemes which are administered by the London branch of Banca Intesa S.p.A. which are defined benefits plans. These plans do not prepare valuations on an IAS 19 basis for the Company. The Company therefore accounts for the plans as if they were defined contribution plans.

The pension charge for the year represents contributions payable by the company to the schemes and amounted to €109,000 (2004: €106,000). There were no contributions outstanding from the Company to the schemes at the year end.

12. TAXATION

The major components of income tax expense for the years ended 31 December 2005 and 2004 are:

	Note	2005 €'000	2004 €'000
<i>Income statement:</i>			
Current income tax			
Irish corporation tax payable		4,011	2,051
Expenses not deducted for tax purposes			
Relief under section 446 Taxes Consolidation Act, 1999		(800)	(403)
Adjustments in respect of previous periods		(11)	(338)
		<u>3,200</u>	<u>1,310</u>
Deferred income tax			
Origination and reversal of temporary differences (21)		(651)	507
		<u>2,549</u>	<u>1,817</u>
Factor affecting tax charges for the year			
Taxation on profit on ordinary activities at the standard rate of tax in Ireland of 12.5%		3,181	2,676
Expenses not deducted for tax purposes		179	15
Relief under section 446 Taxes Consolidation Act, 1999		(800)	(403)
Adjustment to tax charge in respect of previous period		(11)	(338)
Write back of provision for diminution of investments		(-)	(133)
		<u>2,549</u>	<u>1,817</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

13. DIRECTORS' AND OFFICERS' LOANS

There were no amounts outstanding at 31 December 2005, under transactions, arrangements or agreements made by the Company with persons who were Directors (including persons connected with directors) or officers of the Company during the period.

14.	CASH AND BALANCES WITH CENTRAL BANK	2005 €'000	2004 €'000
	Cash and balances at central bank		
	Minimum reserve requirement	7,183	9,747
		<u>7,183</u>	<u>9,747</u>
15.	LOANS AND ADVANCES TO BANKS	2005 € '000	2004 € '000
	Remaining maturity:		
	Intra group		
	3 months or less	16,157	690
	Up to 1 year	30,520	123,655
	Up to 5 years	1,471,357	337,655
	Over 5 years	964,190	384,940
		<u>2,482,224</u>	<u>846,940</u>
	Remaining maturity:		
	Other		
	3 months or less	7,686	1,432
	Up to 1 year	39,089	—
	Up to 5 years	6,596	36,023
	Over 5 years	12,055	22,273
		<u>65,426</u>	<u>59,728</u>
		<u>2,547,650</u>	<u>906,668</u>

Loans and advances to banks with variable rates totalled €2,207m (2004: €837m) and loans and advances to banks with fixed rates totalled €340m (2004: €76m), included in intra group loans and advances are loans totalling €72m (2004:€72m) which are subordinated.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

16. LOANS AND ADVANCES TO CUSTOMERS

Remaining maturity:		2005	2004
		€ '000	€ '000
Up to 3 months		10,149	16,610
Up to 1 year		31,472	8,114
Up to 5 years		329,043	305,229
Over 5 years		106,921	218,261
		<u>477,585</u>	<u>548,214</u>
Loan impairments	(9)	(3,935)	(18,014)
		<u>473,650</u>	<u>530,200</u>

Loans and advances to customers with variable rates totalled €403m (2004: €553m) and loans and advances to customers with fixed rates totalled €70m (2004: €Nil)

17. DEBT SECURITIES AT FAIR VALUE
 THROUGH PROFIT OR LOSS*

	€'000
At 31 December 2004	-
Impact of IAS 32/39 adoption	1,129,413
	<u>1,129,413</u>
At 1 January 2005	1,129,413
Additions	16,256
Disposals	(11,019)
Changes in fair value	38,536
Exchange difference	(6,404)
	<u>1,166,782</u>
At 31 December 2005	<u>1,166,782</u>
Debt securities at fair value through profit or loss include the following:	
Listed securities	1,155,290
Unlisted securities	11,492
	<u>1,166,782</u>

Financial assets at fair value through profit or loss with a market value of €199m were subject to repurchase agreements at 31 December 2005 (2004: € 132m nominal).

*This categorisation is only used from 1 January 2005, the IAS 32/39 transition date.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

18.	DEBT SECURITIES	€'000
	- AVAILABLE-FOR-SALE	
	At 31 December 2004	-
	Impact of IAS 32/39 adoption	556,898
		<hr/>
	At 1 January 2005	556,898
	Additions	109,349
	Disposals	(103,180)
	Changes in fair value	(817)
		<hr/>
	At 31 December 2005	<u>562,250</u>
		<hr/> <hr/>
	Available-for-sale securities include the following:	
	Listed securities	
	Unlisted securities	449,659
		112,591
		<hr/>
		<u>562,250</u>
		<hr/> <hr/>

Credit linked notes with a market value of €174m are included in this category.

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

19. DERIVATIVE FINANCIAL INSTRUMENTS

The Company uses derivative financial instruments primarily for the purpose of economic hedging of interest rate or foreign exchange portfolios, which include non-derivative financial instruments. Under IFRS such derivatives are required to be measured at fair value.

The table below summarises the Company's derivatives as at 31 December 2005

	<i>Contract/ notional amount € '000</i>	<i>Assets € '000</i>	<i>Liabilities € '000</i>
Derivatives held for trading			
- Interest rate and currency swaps	1,045,034	9,043	332,147
- Options Bought	462,930	67,709	73,786
- Options Sold	526,930		
Total derivatives held for trading	2,034,894	76,752	405,933
Derivatives held for hedging			
- Interest rate swaps	42,151	-	3,762
Total derivatives held for hedging	42,151	-	3,762
Total derivatives	2,077,045	76,752	409,695

The table below summarises the Company's derivatives as at 1 January 2005

Derivatives held for trading			
- Interest rate and currency swaps	1,405,314	10,648	319,946
- Options sold	12,560	1,097	156
Total derivatives held for trading	1,417,874	11,745	320,102
Derivatives held for hedging			
- Interest rate and currency swaps	38,761	-	19,780
Total derivatives held for hedging	38,761	-	19,780
Total derivatives	1,456,635	11,745	339,882

The Company undertakes all of its transactions in foreign exchange and interest rate contracts with other financial institutions. At 31 December 2005 the fixed interest rates vary from 1% to 9% (December 2004: 1% to 9%) and the main floating rate is EURIBOR.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

20. PROPERTY, PLANT AND EQUIPMENT
 FIXED ASSETS

	<i>Fixtures & Fittings</i> €'000	<i>Aircraft</i> €'000	<i>Total</i> €'000
At 1 January 2004			
Cost	122	15,466	15,588
Exchange adjustment	(88)	(1,125)	(1,213)
Accumulated depreciation	-	(2,192)	(2,192)
	<hr/>	<hr/>	<hr/>
Net book amount	34	12,149	12,183
Additions	-	-	-
Disposals	-	-	-
Exchange adjustment	-	230	230
Depreciation charge	(17)	(787)	(804)
	<hr/>	<hr/>	<hr/>
At 31 December 2004	17	11,592	11,609
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 1 January 2005			
Cost	122	14,341	14,463
Accumulated depreciation	(105)	(2,749)	(2,854)
	<hr/>	<hr/>	<hr/>
Net book amount	17	11,592	11,609
Additions	-	-	-
Disposals	-	(11,278)	(11,278)
Depreciation charge	(15)	(314)	(329)
	<hr/>	<hr/>	<hr/>
At 31 December 2005	2	-	2
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

21. DEFERRED INCOME TAX

Deferred income tax at 31 December relates to the following:

	2005 €'000	2004 €'000
Deferred tax assets		
Loan impairment	242	231
First time adoption reserve	383	-
	<u>625</u>	<u>231</u>
Deferred tax liabilities		
Accelerated capital allowances	-	(716)
	<u>-</u>	<u>(716)</u>
	<u>625</u>	<u>(485)</u>

Taxation relief on the first time adoption reserve is granted over a period of five years from 1 January 2005.

	2005 €'000	2004 €'000
Deferred income tax income/(expense)		
Accelerated capital allowances	716	(25)
Tax losses carried forward	-	(68)
Unrealised losses	-	(427)
Loan Impairment	11	13
First time adoption reserve amortisation	(76)	-
	<u>651</u>	<u>(507)</u>

22. OTHER ASSETS

	2005 €'000	2004 €'000
Preliminary corporation tax prepayment	2,100	-
Other assets	8	-
Accrued income	-	30,257
	<u>2,108</u>	<u>30,257</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

23. DEPOSITS FROM BANKS

Remaining maturity:	2005 €'000	2004 €'000
Intra group		
Up to 3 months	459,880	234,939
Up to 1 year	-	17,000
	<u>459,880</u>	<u>251,939</u>
Other		
Up to 3 months	919,617	761,380
Up to 1 year	186,376	300,485
Over 5 years	66,544	-
	<u>1,172,537</u>	<u>1,061,865</u>
	<u><u>1,632,417</u></u>	<u><u>1,313,804</u></u>

24. DUE TO CUSTOMERS

Remaining maturity:	2005 €'000	2004 €'000
Up to 3 months	17,858	19,729
Up to 1 year	2,442	2,643
Up to 5 years	84,068	201,500
Over 5 years	444,060	48,632
	<u>548,428</u>	<u>272,504</u>

25. DEBT SECURITIES IN ISSUE

Remaining maturity:	2005 €'000	2004 €'000
Up to 3 months	10,943	113,868
Up to 1 year	64,374	71,214
Up to 5 years	1,298,076	327,126
Over 5 years	462,605	337,940
	<u>1,835,998</u>	<u>850,148</u>

The above includes subordinated debt issues of €Nil for 2005 (2004: €71m)

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

26.	INCOME TAX AND OTHER LIABILITIES	2005 €'000	2004 €'000
	Corporation tax	3,211	760
	Withholding tax	240	240
	Unrealised losses on forward foreign exchange contracts	-	24,767
	Accrued expenses	721	654
	Accruals and deferred income	-	25,425
		4,172	51,846
		4,172	51,846
27.	CALLED UP SHARE CAPITAL	2005 €'000	2004 €'000
	<i>Authorised:</i>		
	7,300,000 ordinary shares of €50 each	365,000	365,000
		365,000	365,000
	<i>Allotted and called up and fully paid:</i>		
	160,000 ordinary shares of €50 each	8,000	8,000
		8,000	8,000
		8,000	8,000
28.	OTHER RESERVES:	2005 €'000	2004 €'000
	Non-refundable capital contribution	353,379	353,379
	First time adoption reserves	(3,370)	-
	Available-for-sale reserves	1,852	-
	General risk reserve	1,549	1,549
		353,410	354,928
		353,410	354,928
	Revaluation reserves – available-for-sale investments		2005 €'000
	At 1 January		2,537
	Net losses from changes in fair value		(948)
	Deferred income taxes		346
	Net profit transferred to profit and loss on disposal		(83)
			1,852
	At 31 December		1,852

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

29.	DIVIDENDS	2005 €'000	2004 €'000
-----	-----------	---------------	---------------

Paid during the year

Interim dividend	-	5,000
Final dividend	9,000	9,000
	<u>9,000</u>	<u>9,000</u>

Proposed for approval by shareholders at the Annual General Meeting:

Final dividend for 2005 of € 100 (2004: € 56.25) per ordinary share	16,000	9,000
	<u>16,000</u>	<u>9,000</u>

Final dividends are not accounted for until they have been approved at the Annual General Meeting. Accordingly, the financial statements for the year do not reflect the proposed dividend.

30. CONTINGENT LIABILITIES AND COMMITMENTS

	2005 €'000	2004 €'000
Guarantees	14,661	21,744
Undrawn credit lines	62,677	87,432
Other commitments	10,777	7,342
	<u>88,115</u>	<u>116,518</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

31. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Set out below is a comparison by category of book values and fair values of all of the Company's financial assets and liabilities not presented on the Company's balance sheet at their fair value. Bid prices are used to estimate fair values of assets, whereas offer prices are applied for liabilities.

	2005 € '000	2004 € '000	2005 € '000	2004 € '000
	Book Value	Book Value	Fair Value	Fair Value
Assets:				
Loans and advances to banks	2,547,650	906,668	2,547,650	906,668
Loans and advances to customers	473,650	530,200	473,650	530,200
	<u>3,021,300</u>	<u>1,436,868</u>	<u>3,021,300</u>	<u>1,436,868</u>
Liabilities:				
Deposits from banks	1,632,417	1,318,804	1,632,417	1,318,804
Due to customers	548,428	272,504	548,428	272,504
	<u>2,180,845</u>	<u>1,591,308</u>	<u>2,180,845</u>	<u>1,591,308</u>

Deposits from banks includes short-term inter-bank placements, term loans and debt securities not quoted on an active market.

The fair values of inter-bank placements and deposits are assumed to be their book values. The estimated fair values of floating and fixed term loans are based on discounted cash flows using prevailing interest rates for debt with similar credit risk and remaining maturity. Fair values for the unquoted securities are based on broker/dealer price quotations or pricing models.

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

32. RELATED PARTY DISCLOSURES

The Company is a wholly owned subsidiary of Banca Intesa S.p.A. A number of banking transactions are entered into with related parties in the normal course of business. These include loans, deposits, securities and interest rate swaps.

	2005 €'000	2004 €'000
<i>Loans to related parties</i>		
Loans at 1 January	846,940	669,923
Net loans advanced during the year	1,635,284	177,017
	<u>2,482,224</u>	<u>846,940</u>
Loans outstanding at 31 December	2,482,224	846,940
Interest income on loans	76,451	19,067
	<u>76,451</u>	<u>19,067</u>
<i>Deposits from related parties</i>		
Deposits at 1 January	251,939	393,154
Net deposits received/(repaid) during the year	207,941	(141,215)
	<u>459,880</u>	<u>251,939</u>
Deposits outstanding at 31 December	459,880	251,939
Interest expense on deposits	5,788	6,205
	<u>5,788</u>	<u>6,205</u>
<i>Securities purchases from related parties</i>		
Securities outstanding at 1 January	1,009,970	745,913
Reclassification on IFRS conversion	-	264,057
Purchases	4,000	-
Redemptions	(5,270)	-
Valuation movements	55,479	-
	<u>1,064,179</u>	<u>1,009,970</u>
Securities outstanding at 31 December	1,064,179	1,009,970
Interest income on securities	50,939	50,720
	<u>50,939</u>	<u>50,720</u>
<i>Interest rate swaps with related parties (notional amounts)</i>		
Contracts outstanding at 1 January	1,071,064	1,056,196
Net contracts entered into/(maturing) during the year	(233,933)	14,868
	<u>837,131</u>	<u>1,071,064</u>
Contracts outstanding at 31 December	837,131	1,071,064
Net interest expense on interest rate contracts	28,340	31,782
	<u>28,340</u>	<u>31,782</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

32. RELATED PARTY DISCLOSURES (Continued)

	2005 €'000	2004 €'000
<i>Other revenue – fee income</i>	<u>37</u>	<u>18</u>
<i>Guarantees issued by group companies</i>	<u>177,810</u>	<u>28,306</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

33. INTEREST RATE SENSITIVITY GAP ANALYSIS (€ m)
 31 December 2005

	up to 3 mths	up to 6mths	up to 1 yr	up to 5 yrs	over 5 yrs	Non interest bearing	Total
	€m	€m	€m	€m	€m	€m	€m
Assets:							
Cash and balance with central banks	7	-	-	-	-	-	7
Loans and advances to banks	1,364	410	35	218	520	-	2,547
Loans and advances to customers	289	185	-	-	-	-	474
Debt Securities							
-fair value through profit or loss	211	620	-	-	-	336	1,167
-available-for-sale	537	21	-	-	-	4	562
Derivative financial Instruments	-	-	-	-	-	77	77
Other assets	-	-	-	-	-	3	3
Total assets	<u>2,408</u>	<u>1,236</u>	<u>35</u>	<u>218</u>	<u>520</u>	<u>420</u>	<u>4,837</u>
Liabilities							
Deposits from banks	(1,102)	(466)	-	-	(65)	-	(1,633)
Due to Customers	(107)	-	-	-	(441)	-	(548)
Debt securities issued	(1,394)	(196)	(31)	(202)	(13)	-	(1,836)
Derivative financial instruments	-	-	-	-	-	(410)	(410)
Other liabilities	-	-	-	-	-	(4)	(4)
Equity	-	-	-	-	-	(406)	(406)
Total liabilities sheet items	<u>(2,603)</u>	<u>(662)</u>	<u>(31)</u>	<u>(202)</u>	<u>(519)</u>	<u>(820)</u>	<u>(4,837)</u>
Interest rate sensitivity gap	(195)	574	4	16	1	(400)	-
Cumulative gap	<u>(195)</u>	<u>379</u>	<u>383</u>	<u>399</u>	<u>400</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

33. INTEREST RATE SENSITIVITY GAP ANALYSIS (€ m)
 31 December 2004

	up to 3 mths	up to 6mths	up to 1 yr	up to 5 yrs	over 5 yrs	Non interest bearing	Total
	€m	€m	€m	€m	€m	€m	€m
<i>Assets:</i>							
Cash and balance at central banks	10	-	-	-	-	-	10
Loans and advances to banks	536	147	169	55	-	-	907
Loans and advances to customers	358	172	-	-	-	-	530
Investment securities	557	741	96	-	-	-	1,394
Tangible fixed Assets						12	12
Other assets	-	-	-	-	-	-	-
Prepayments and accrued income	-	-	-	-	-	30	30
Total assets	1,461	1,060	265	55	-	42	2,883
<i>Liabilities</i>							
Deposits from banks	(985)	(329)	-	-	-	-	(1,314)
Due to customers	(129)	(102)	(42)	-	-	-	(273)
Debt securities issued	(463)	(120)	(193)	(69)	(5)	-	(850)
Other liabilities	-	-	-	-	-	(52)	(52)
Accruals and deferred income	-	-	-	-	-	-	-
Equity	-	-	-	-	-	(394)	(394)
Total liabilities	(1,577)	(551)	(235)	(69)	(5)	(446)	(2,883)
Off balance sheet items	33	(50)	17	-	-	-	-
Interest rate sensitivity gap	(83)	459	47	(14)	(5)	(404)	-
Cumulative gap	(83)	376	423	409	404	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 December 2005 (Continued)

34. CURRENCY ANALYSIS OF ASSETS AND LIABILITIES (€ m)
31 DECEMBER 2005

	€	USD	GBP	YEN	Other	Total
Assets						
Cash and balances at central banks	7	-	-	-	-	7
Loans and advances to banks	1,212	1,291	24	7	13	2,547
Loans and advances to customers	247	188	39	-	-	474
Debt Securities						
-fair value through profit or loss	1,085	82	-	-	-	1,167
-available for sale	470	87	5	-	-	562
Derivative financial instruments	73	4	-	-	-	77
Other assets	<u>3</u>					<u>3</u>
Total assets	<u><u>3,097</u></u>	<u><u>1,652</u></u>	<u><u>68</u></u>	<u><u>7</u></u>	<u><u>13</u></u>	<u><u>4,837</u></u>
Liabilities						
Deposits from banks	(1,111)	(477)	(44)	-	-	(1,632)
Due to customers	(544)	(4)	-	-	-	(548)
Debt securities in issue	(660)	(1,093)	(66)	(7)	(10)	(1,836)
Derivative financial instruments and other liabilities	(371)	(78)	42	-	(3)	(410)
Other liabilities	(4)	-	-	-	-	(4)
Total liabilities	<u><u>(2,690)</u></u>	<u><u>(1,652)</u></u>	<u><u>(68)</u></u>	<u><u>(7)</u></u>	<u><u>(13)</u></u>	<u><u>(4,430)</u></u>
Net on-balance sheet position	<u><u>407</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>407</u></u>
Commitments	<u><u>3</u></u>	<u><u>65</u></u>	<u><u>5</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>73</u></u>
At 31 December 2004						
Total assets	2,135	703	33	-	12	2,883
Total liabilities	(1,563)	(717)	(180)	-	(29)	(2,489)
Net on-balance sheet position	<u>572</u>	<u>(14)</u>	<u>(147)</u>	<u>-</u>	<u>(17)</u>	<u>394</u>
Off-balance sheet position	<u>(178)</u>	<u>13</u>	<u>147</u>	<u>-</u>	<u>17</u>	<u>(1)</u>
Net total position	<u><u>394</u></u>	<u><u>(1)</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>393</u></u>
Commitments	<u><u>69</u></u>	<u><u>24</u></u>	<u><u>2</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>95</u></u>

NOTES TO THE FINANCIAL STATEMENTS
31 December 2005 (Continued)

35. GEOGRAPHICAL ANALYSIS

Geographical concentration of assets and liabilities as at 31 December 2005:

	Assets	Liabilities
	€ m	€ m
Eurozone	4,014	3,622
Rest of Europe	198	310
United States	375	84
Rest of World	206	-
	<hr/>	<hr/>
	4,793	4,016
Unallocated assets and liabilities	44	415
	<hr/>	<hr/>
Total	<u>4,837</u>	<u>4,431</u>

Geographical concentration of assets and liabilities as at 31 December 2004:

	Assets	Liabilities
	€ m	€ m
Eurozone	2,058	1,829
Rest of Europe	157	409
United States	375	202
Rest of World	242	-
	<hr/>	<hr/>
	2,832	2,440
Unallocated assets and liabilities	51	49
	<hr/>	<hr/>
Total	<u>2,883</u>	<u>2,489</u>

APPENDIX 2

Banca Intesa S.p.A. Annual Report 2005

The Annual Report 2005 for Banca Intesa S.p.A. is available for consultation at the address below:

http://www.bancaintesa.it/repository/files/Investor%20relations/FY05_En_abridged.pdf

APPENDIX 3

Banca Intesa S.p.A. Annual Report 2004

The Annual Report 2004 for Banca Intesa S.p.A. is available for consultation at the address below:

<http://www.bancaintesa.it/repository/files/Investor%20relations/Bilancio%202004%20ABRIDGED%20ING.pdf>

APPENDIX 4

Rating Agencies Letters

Fitch Ratings

Banca Intesa S.p.A.
Investor Relations
Piazza della Scala, 6
20121 Milano

Milan, 11 July 2006

Intesa Bank Ireland plc as Issuer of ECP Notes and Intesa Funding LLC as Issuer of USCP Notes and Banca Intesa S.p.A. as Guarantor USD10 billion Global Commercial Paper Programme for the issuance of euro-commercial paper and US commercial paper

Fitch assigns a rating of 'F1' to the above-referenced programme.

Ratings assigned by Fitch are based on the documents and information provided to us by the issuer and its experts and agents and are subject to receipt of the final closing documents. Fitch Ratings does not audit or verify the truth or accuracy of such information.

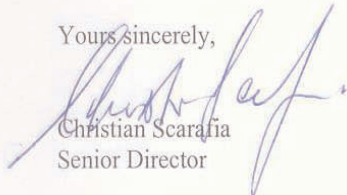
Ratings are not a recommendation to buy, sell or hold any security. Ratings do not comment on the adequacy of market price, the suitability of any security for a particular investor, or the tax-exempt nature or taxability of payments made in respect of any security.

The assignment of a rating by Fitch Ratings shall not constitute a consent by Fitch Ratings to use of its name as an expert in connection with any registration statement or other filings under US, UK or any other relevant securities laws.

It is important that you provide us with all information that may be material to the ratings so that our ratings continue to be accurate. Ratings may be changed, qualified, withdrawn, suspended or placed on Rating Watch due to changes in, additions to, accuracy of or inadequacy of information or for any reason Fitch Ratings deems sufficient.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact me at 02 87 90 87 212.

Yours sincerely,


Christian Scarafia
Senior Director


Paolo Fioretti
Associate Director

**STANDARD
& POOR'S**

Ratings Services
Via dei Bossi, 4
20121 Milan - Italy
Tel. (+39) 02 72 111 1
Fax (+39) 02 72 111 222
www.standardandpoors.com

Banca Intesa Spa
Piazza Scala, 6
20121 Milano

Dr. Marco Delfrate

REF : ABdP/MB/2006/80

Milan July 14, 2006

**Re : Intesa Bank Ireland p.l.c. and Intesa Funding LLC
US\$ 10,000,000,000 GLOBAL COMMERCIAL PAPER Programme, STEP compliant
For the issuance of euro-commercial paper and US commercial paper
Guaranteed by Banca Intesa S.p.A.**

Dear Mr. Delfrate,

Standard & Poor's has reviewed the information presented to us (Information Memorandum dated June 27, 2006) and has assigned a rating of 'A-1' to the above mentioned program.

As usual, could you please provide a final version of the offering memorandum as soon as it becomes available. Naturally, should this final documentation differ substantially from the draft version provided, the rating assessment could be modified.

We will maintain surveillance in accordance with Standard & Poor's policies. Standard & Poor's relies on the issuer, its counsel, accountants and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process. Accordingly, in order to maintain our rating surveillance, we should receive all pertinent information including the final Offering Memorandum and the pricing supplements for individual issues under the program. In the event that we do not receive such information, the rating may be at risk of withdrawal.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned ratings to interested parties. You understand that Standard & Poor's has not consented to, and will not consent to, being named an 'expert' under applicable securities laws. In addition, it should be understood that the rating is not a "market" rating or a recommendation to buy, hold or sell the securities. Standard & Poor's reserves the right to advise its own clients, subscribers, and the public of the ratings.

We are pleased to have had the opportunity to be of service to you. If we can be of any further help, please do not hesitate to call upon us.

Yours sincerely,


Alberto Buffa di Perrero
Director

The McGraw-Hill Companies, S.r.l. Sede Legale: Via Ripamonti, 89 - 20139 Milano Cap. Soc. Euro 1.315.250 I.V.
N. Iscrizione nel Registro delle Imprese di Milano, Codice Fiscale e Partita IVA 08189610150 REA Milano 1211459



Moody's Investors Service

**Largo Rjchini 6
20123 Milano
(02) 58 215 350 (Tel)
(02) 58 215 719 (Fax)**

Marco Castagna
Banca Intesa New York - Treasurer
One William Street, New York, NY-10004
Tel +1-212-607.3643
Cell +1-646-541.9319
Fax +1-212-422.6236

July 24, 2006

Re: INTESA BANK IRELAND p.l.c., INTESA FUNDING LLC and BANCA INTESA S.p.A. U.S.\$ 10billion Global Commercial Paper Programme guaranteed by Banca Intesa S.p.A.

Based on the documentation provided, Moody's confirms that it will assign following rating to notes issued under the above mentioned programme:

Short-term notes:

P-1

In accordance with our usual policy, it is understood that these ratings are subject to revision or withdrawal by Moody's at any time, if any information (or lack of information) warrants such action, in the sole opinion of Moody's.

Yours sincerely,

Henry MacNevin
General Manager

ECP ISSUER

Intesa Bank Ireland p.l.c.
AIB International Centre, IFSC
Dublin 1
Ireland

USCP ISSUER

Intesa Funding LLC
Corporation Trust Center
1209 Orange Street
County of New Castle
Delaware, United States

GUARANTOR

Banca Intesa S.p.A.
Piazza P. Ferrari, 10
20121 Milan
Italy

ARRANGER

Citibank International plc
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

ECP DEALERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB

Banca Caboto S.p.A.
Piazzetta Giordano Dell' Amore 3
20121 Milan
Italy

CALYON
9, quai du President Paul Doumer
92920 Paris La Defense Cedex
France

Citibank International plc
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB

Deutsche Bank AG, London Branch
Winchester House
1 Great Winchester Street
London EC2N 2DB

Goldman Sachs International
Peterborough Court
133 Fleet Street
London EC4A 2BB

ING Bank N.V.
Foppingadreef 7
1102 BD Amsterdam
The Netherlands

Intesa Bank Ireland p.l.c.
AIB International Centre, IFSC
Dublin 1
Ireland

USCP DEALERS

Banc of America Securities LLC
Mail Code: CA5-801-15-31
600 Montgomery Street
San Francisco, CA 94111

**Banca Intesa S.p.A.,
New York Branch**
One William Street
New York, New York 10004

Citigroup Global Markets Inc.
390 Greenwich Street
4th Floor
New York, New York 10013

J.P. Morgan Securities Inc.
270 Park Avenue
8th Floor
New York, New York 10017

Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

**Merrill Lynch Money
Markets Inc.**
4 World Financial Center
New York, New York 10080

Morgan Stanley
1585 Broadway
4th Floor
New York, New York 10036

PAYING AGENTS

ECP Agent

Deutsche Bank AG, London Branch

Winchester House
1 Great Winchester Street
London EC2N 2DB

USCP Agent

**Deutsche Bank Trust
Company Americas**

60 Wall Street
27th Floor, New York
New York 10005

LEGAL ADVISERS

*To the Issuers and the Guarantor
as to English and
United States Law*

Allen & Overy LLP
One New Change
London EC4M 9QQ

*To the Guarantor
as to Italian Law*

**Allen & Overy
Studio Legale Associato**
Via Manzoni, 41
20121 Milan
Italy

*To the ECP Issuer
as to Irish Law*

McCann FitzGerald
2 Harbourmaster Place
International Financial
Services Centre
Dublin 1

*To the Dealers
as to English Law*

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

*To the Dealers
as to United States Law*

Clifford Chance US LLP
200 Park Avenue
New York
New York 10166

