

## OFFERING CIRCULAR



### **Banca Intesa S.p.A.**

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

*as Issuer and, in respect of Notes issued by  
Intesa Bank Overseas Ltd. and Intesa Bank Ireland p.l.c. as Guarantor  
and*

### **INTESA BANK OVERSEAS LTD.**

*(incorporated and licensed as a bank in the Cayman Islands)*

*as Issuer*

*and*

### **INTESA BANK IRELAND p.l.c.**

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

*as Issuer*

**€17,000,000,000**

## **Global Medium Term Note Programme**

On 3rd July, 2001, Banca Intesa S.p.A. (formerly IntesaBci S.p.A.) ("**Banca Intesa**") and Intesa Bank Overseas Limited ("**IBOL**") established a Global Medium Term Note Programme (the "**Programme**") and issued an Offering Circular on that date describing the Programme. This Offering Circular supersedes any offering circular with respect to the Programme issued prior to the date hereof. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein, but this Offering Circular does not affect the terms of any Notes issued prior to the date hereof.

Pursuant to the Programme, Banca Intesa, IBOL and Intesa Bank Ireland p.l.c. ("**IBI**") or any other issuer as may from time to time be appointed as referred to in "Summary of the Programme" (each an "**Issuer**" and together the "**Issuers**") may from time to time issue Notes in bearer and/or registered form denominated in any currency agreed between the relevant Issuer, Banca Intesa (where IBOL or IBI is the Issuer) and the relevant Dealer (as defined below). The Notes will be constituted by an amended and restated trust deed dated 5th August, 2003 (such Trust Deed, as modified and/or supplemented and/or restated from time to time, the "**Trust Deed**") between the Issuers and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**"). The payments of all amounts due in respect of the Notes issued by IBOL, IBI and any further issuer as may from time to time be appointed ("**Guaranteed Notes**") will be unconditionally and irrevocably guaranteed by Banca Intesa pursuant to the Trust Deed.

As more fully described herein, Notes may be issued (i) on an unsubordinated basis ("**Unsubordinated Notes**") or (ii) on a subordinated basis ("**Subordinated Notes**") having, in the case of Notes issued by IBOL or, as the case may be, IBI and any further issuer as may from time to time be appointed, the benefit of the Unsubordinated Guarantee or Subordinated Guarantee as the case may be (all as defined in "Terms and Conditions of the Notes" herein).

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €17,000,000,000 (or its equivalent in other currencies calculated as described herein).

The Notes may be issued on a continuing basis to one or more of the Dealers specified on page 7 and any additional Dealer appointed under the Programme from time to time, which appointment may be for a specific issue or on an ongoing basis (each a "**Dealer**" and together the "**Dealers**"). References in this Offering Circular to the "**relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) purchased by one Dealer, be to such Dealer and, in the case of an issue of Notes being (or intended to be) purchased by more than one Dealer, be to the lead manager of such issue.

Application has been made to the Luxembourg Stock Exchange and the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be listed on the Luxembourg Stock Exchange and to be admitted to the official list of the Irish Stock Exchange (the "**ISE Official List**"). The Programme provides that Notes may be listed on such other or further stock exchange(s) as may be agreed between the relevant Issuer, Banca Intesa (in the case of Guaranteed Notes) and the relevant Dealer. Unlisted Notes may also be issued.

Notes of each Tranche will initially be represented by a Temporary Global Note, a Permanent Global Note, an Unrestricted Global Note and/or a Restricted Global Note (each as defined below), in each case as indicated in the applicable Pricing Supplement. (See "Form of the Notes and Transfer Restrictions relating to U.S. Sales" below).

Subject to and as more fully set out in "Terms and Conditions of the Notes — Taxation", Banca Intesa shall not be liable to pay any additional amounts to holders of the Notes in relation to any withholding or deduction required pursuant to Italian Legislative Decree No. 239 of 1st April, 1996 (as the same may be amended or supplemented) and related implementing regulations which have been or as may subsequently be enacted ("**Legislative Decree No. 239**") and otherwise in the circumstances described in Condition 14.

Notes issued by Banca Intesa with an original maturity of less than 18 months are subject to a withholding tax levied at the rate of 27 per cent. per annum in respect of interest and premium (if any), as more fully described under "Taxation" below.

*Joint Arrangers*

**Caboto**

**Deutsche Bank**

*Dealers*

**ABN AMRO**  
**Barclays Capital**  
**Citigroup**  
**Crédit Agricole Indosuez**  
**Deutsche Bank**  
**JPMorgan**  
**Merrill Lynch International**

**UBS Investment Bank**

**Banca Intesa S.p.A.**  
**Caboto**  
**Commerzbank Securities**  
**Credit Suisse First Boston**  
**Goldman Sachs International**  
**Lehman Brothers**  
**Morgan Stanley**

The date of this Offering Circular is 5th August, 2003

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Each of Banca Intesa (insofar as the contents of this Offering Circular relate to it), IBOL and IBI, having made all reasonable enquiries, confirms that this Offering Circular contains or incorporates all information which is material in the context of the issuance and offering of Notes, that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any such information or the expression of any such opinions or intentions misleading.

Each of Banca Intesa, IBOL and IBI accepts responsibility for the information contained in this document. To the best of the knowledge and belief of each of Banca Intesa, IBOL and IBI, the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

Except as provided herein, this Offering Circular comprises listing particulars approved by the Irish Stock Exchange in relation to Notes to be issued by any of the Issuers during the period of 12 months from the date hereof. A copy of this Offering Circular has been delivered for registration to the Registrar of Companies in Ireland as required by Regulation 13(1) of the European Communities (Stock Exchange) Regulations 1984 (as amended) of Ireland (the “**Irish Regulations**”). Copies of the Pricing Supplement (in the case of Notes to be admitted to the ISE Official List) will be available from the specified office set out below of each of the Paying Agents (as defined below).

The use of the words “listing particulars” in this Offering Circular is only relevant for Notes listed on the Irish Stock Exchange and is not relevant for Notes listed on the Luxembourg Stock Exchange.

This Offering Circular should be read and construed together with any amendments or supplements hereto and with any other documents incorporated by reference herein and, in relation to any Tranche (as defined herein) of Notes, should be read and construed together with the relevant Pricing Supplement (as defined herein).

This Offering Circular includes as an Appendix a form or application for Notes solely to comply with certain Irish legal requirements. It is not necessary for potential purchasers to complete the application form to apply for Notes. Neither the Issuers nor any of the initial purchasers will be bound in any way whatsoever to issue or sell any Notes to any person who completes and returns such application form.

Each of Banca Intesa, IBOL and IBI has confirmed to the Dealers named under “Subscription and Sale” below that this Offering Circular (including for this purpose, each relevant Pricing Supplement) contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Offering Circular does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes and the guarantee of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other document entered into in relation to the Programme or any information supplied by Banca Intesa, IBOL or IBI or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by Banca Intesa, IBOL, IBI, the Trustee or any Dealer.

No representation or warranty is made or implied by the Dealers or any of their respective affiliates, and none of the Dealers or any of their respective affiliates makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Offering Circular. Neither the delivery of this Offering Circular or any Pricing Supplement nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Offering Circular is true subsequent to the date hereof or the date upon which this Offering Circular has been most recently amended or supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of

Banca Intesa, IBOL, IBI or Banca Intesa and its consolidated subsidiaries (the “**Banca Intesa Group**”) since the date thereof or, if later, the date upon which this Offering Circular has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Circular and any Pricing Supplement and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular or any Pricing Supplement comes are required by each of Banca Intesa, IBOL, IBI and the Dealers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of this Offering Circular or any Pricing Supplement and other offering material relating to the Notes, see “Subscription and Sale” and “Form of the Notes and Transfer Restrictions relating to U.S. Sales”. In particular, neither the Notes nor the guarantee thereof have been or will be registered under the United States Securities Act of 1933 (as amended) (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. Notes may be offered and sold outside the United States in reliance on Regulation S under the Securities Act (“**Regulation S**”) and in the United States to qualified institutional buyers (as defined in Rule 144A under the Securities Act (“**Rule 144A**”)) in reliance on Rule 144A. In addition, none of Banca Intesa, IBOL or IBI has authorised any offer of Notes having a maturity of one year or more to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended) (the “**Regulations**”). Notes may not lawfully be offered or sold to persons in the United Kingdom except in circumstances which do not result in an offer to the public in the United Kingdom within the meaning of the Regulations or otherwise in compliance with all applicable provisions of the Regulations. In addition, prospective purchasers of Notes are hereby notified that a seller of Notes may be relying on the exemption from the registration requirements of Section 5 of the Securities Act provided by Rule 144A.

Neither this Offering Circular nor any Pricing Supplement constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by Banca Intesa, IBOL, IBI, the Trustee, the Dealers or any of them that any recipient of this Offering Circular or any Pricing Supplement should subscribe for or purchase any Notes. Each recipient of this Offering Circular or any Pricing Supplement shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of Banca Intesa, IBOL, IBI and the Banca Intesa Group.

The maximum aggregate principal amount of Notes outstanding and guaranteed at any one time under the Programme will not exceed €17,000,000,000 (and for this purpose, any Notes denominated in another currency shall be translated into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement)). The maximum aggregate principal amount of Notes which may be outstanding and guaranteed at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under “Subscription and Sale”.

Each issue of Notes will be required to comply with Article 129 of Legislative Decree No. 385/93 (the “**Consolidated Banking Act**”). Notes may not be offered, sold or delivered in the Republic of Italy other than in circumstances permitted by applicable Italian securities laws and regulations such as the Regulations of the *Commissione Nazionale per le Società e la Borsa* (“**CONSOB**”). See “Subscription and Sale” below.

In this Offering Circular, references to “**U.S.\$**” or “**USD**” are to United States dollars, references to “**CIS\$**” are to Cayman Islands dollars, references to “**STG**” or “**£**” are to the lawful currency of the United Kingdom and references to “**EUR**”, “**euro**”, “**euros**” or “**€**” are to the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Communities, as amended.

Certain figures included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

**In connection with the issue of any Tranche of Notes under the Programme, the Dealer (if any) which is specified in the relevant Pricing Supplement as the stabilising institution or any person acting for him may over-allot or effect transactions with a view to supporting the market price of the Notes of the Series of which such Tranche forms part at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the stabilising institution or any agent of his to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.**

To permit compliance with Rule 144A under the Securities Act in connection with the resale of Notes that are "Restricted Securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuers will furnish upon the request of a holder of such Notes or of a beneficial owner of an interest therein, to such holder or beneficial owner or to a prospective purchaser designated by such holder or beneficial owner, the information required to be delivered under Rule 144A(d)(4) under the Securities Act and will otherwise comply with the requirements of Rule 144A(d)(4) under the Securities Act, if at the time of such request, the relevant Issuer is not a reporting company under Section 13 or Section 15(d) of the United States Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), or exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

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

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents shall be deemed to be incorporated in, and to form part of, this Offering Circular (provided, however, that such incorporated documents do not form part of the listing particulars approved by the Irish Stock Exchange on 5th August, 2003):

- (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 Banca Intesa 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 Banca Intesa 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 IBOL from time to time;
- (4) the most recently published unconsolidated annual financial statements and any unconsolidated interim financial statements (in each case, whether audited or unaudited) of IBI from time to time; and
- (5) all amendments and supplements to this Offering Circular prepared by Banca Intesa, IBOL and IBI from time to time,

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

Each of Banca Intesa, IBOL and IBI has undertaken that it will, at the specified offices of the Paying Agents, provide, free of charge, upon oral or written request, a copy of this Offering Circular (or any document incorporated by reference in this Offering Circular). Written or oral requests for such documents should be directed to the specified office of any Paying Agent or the specified office of the Listing Agent in Luxembourg for Notes to be listed on the Luxembourg Stock Exchange and from Goodbody Stockbrokers (the "**Irish Listing Agent**") for Notes to be admitted to the ISE Official List.

The Issuer has undertaken to the Dealers in the Dealer Agreement (as defined in "Subscription and Sale") to comply with Irish Regulations.

## SUPPLEMENTARY OFFERING CIRCULAR

Each of Banca Intesa, IBOL and IBI has undertaken, in connection with the listing of the Notes on the Luxembourg Stock Exchange and/or the admittance of the Notes to the ISE Official List, that if there shall occur any adverse change in the business or financial position of Banca Intesa or, as the case may be, IBOL or IBI or any change in the information set out under "Terms and Conditions of the Notes", that in either case is material in the context of issuance under the Programme, Banca Intesa, IBOL and IBI will prepare or procure the preparation of an amendment or supplement to this Offering Circular or, as the case may be, publish a new Offering Circular, for use in connection with any subsequent issue by the Issuers of Notes to be listed on the Luxembourg Stock Exchange and/or admitted to the ISE Official List. Each of Banca Intesa, IBOL and IBI has undertaken to the Dealers to comply with regulation 13 of the European Communities (Stock Exchange) Regulations 1984 (as amended) of Ireland and Article 23 of Council Directive 80/390/EEC contained in the First Schedule to the said Regulations. In the event that supplementary listing particulars are produced pursuant to such undertaking, a copy of such supplementary listing particulars will accompany this Offering Circular.

If the terms of the Programme are modified or amended which would make this Offering Circular, as supplemented, inaccurate or misleading, a new Offering Circular will be prepared.



## SUMMARY OF THE PROGRAMME

*The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Offering Circular. Words and expressions defined in "Forms of the Notes and Transfer Restrictions relating to U.S. Sales" and "Terms and Conditions of the Notes" below shall have the same meanings in this summary.*

Issuers:	Banca Intesa S.p.A. Intesa Bank Overseas Ltd. Intesa Bank Ireland p.l.c. and any further issuer appointed as an issuer from time to time
Guarantor:	Banca Intesa S.p.A. (in respect of Notes issued by IBOL, IBI and any further issuer appointed as an issuer from time to time)
Joint Arrangers:	Caboto SIM S.p.A. Deutsche Bank AG London
Dealers:	ABN AMRO Bank N.V., Banca Intesa S.p.A., Barclays Bank PLC, Caboto SIM S.p.A., Citigroup Global Markets Limited, Commerzbank Aktiengesellschaft, Crédit Agricole Indosuez, Credit Suisse First Boston (Europe) Limited, Deutsche Bank AG London, Goldman Sachs International, J.P. Morgan Securities Ltd., Lehman Brothers International (Europe), Merrill Lynch International, Morgan Stanley & Co. International Limited, UBS Limited and any other Dealer appointed from time to time by Banca Intesa, IBOL and IBI either generally in respect of the Programme or in relation to a particular Tranche of Notes.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Principal Paying Agent:	Deutsche Bank AG London
Principal Registrar, Transfer Agent and Exchange Agent:	Deutsche Bank Luxembourg S.A.
New York Registrar, New York Paying Agent, Foreign Exchange Agent and Transfer Agent:	Deutsche Bank Trust Company Americas
Luxembourg Listing Agent:	Dexia Banque Internationale à Luxembourg
Irish Listing Agent:	Goodbody Stockbrokers
Irish Paying Agent:	AIB International Financial Services Limited
Listing:	Each Series may be listed on the Luxembourg Stock Exchange and/or admitted to the ISE Official List and/or any other stock exchange (as may be agreed between Banca Intesa and/or IBOL and/or IBI and the relevant Dealer and specified in the relevant Pricing Supplement) or may be unlisted.
Clearing Systems:	Euroclear Bank S.A./N.V. as operator of the Euroclear System (" <b>Euroclear</b> "), Clearstream Banking, société anonyme, Luxembourg (" <b>CBL</b> "), The Depository Trust Company (" <b>DTC</b> "), Monte Titoli S.p.A. (" <b>Monte Titoli</b> ") and/or any other clearing system as may be specified in the relevant Pricing Supplement.
Initial Programme Amount:	Up to €17,000,000,000 (or its equivalent in other currencies) aggregate principal amount of Notes outstanding and guaranteed (if applicable) at any one time.

Issuance in Series:	Notes will be issued in Series. Each Series may comprise one or more Tranches issued on different issue dates. The Notes of each Series will all be subject to identical terms, except that the issue date and the amount of the first payment of interest may be different in respect of different Tranches. The Notes of each Tranche will all be subject to identical terms in all respects save that a Tranche may comprise Notes of different denominations.
Pricing Supplements:	Each Tranche will be the subject of a Pricing Supplement which, for the purposes of that Tranche only, supplements the Terms and Conditions of the Notes and this Offering Circular and must be read in conjunction with this Offering Circular. The terms and conditions applicable to any particular Tranche of Notes are the Terms and Conditions of the Notes as supplemented, amended and/or replaced by the relevant Pricing Supplement.
Forms of Notes:	Notes may be issued in bearer form (“ <b>Bearer Notes</b> ”) or registered form (“ <b>Registered Notes</b> ”), as specified in the relevant Pricing Supplement. Bearer Notes will not be exchangeable for Registered Notes and Registered Notes will not be exchangeable for Bearer Notes. No single Series or Tranche may comprise both Bearer Notes and Registered Notes.

#### *Bearer Notes*

Each Tranche of Notes in bearer form will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Pricing Supplement. Each Global Note in bearer form (a “**Bearer Global Note**”) will be deposited on or around the relevant issue date with a depository or a common depository for Euroclear and/or CBL and/or any other relevant clearing system. Each Temporary Global Note will be exchangeable for a Permanent Global Note or, if so specified in the relevant Pricing Supplement, for Definitive Notes. If the TEFRA D Rules are specified in the relevant Pricing Supplement as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note. Each Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms. Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons.

#### *Registered Notes*

Notes in registered form which are offered and sold outside the United States in reliance on Regulation S will be represented by interests in a global registered note (the “**Unrestricted Global Note**”). The Unrestricted Global Note will be registered in the name of, and a certificate (the “**Unrestricted Global Note Certificate**”) evidencing such holding will be deposited with, a common depository of Euroclear and CBL on or about the date of issue of the relevant Tranche.

Notes which are offered and sold in the United States in reliance on Rule 144A (“**Rule 144A Notes**”) will be represented by interests in a global registered note certificate (the “**Restricted**”).



**Global Note Certificate**” and, together with the Unrestricted Global Note Certificate, the “**Global Note Certificates**”), deposited with a custodian for, and registered in the name of a nominee of, DTC on or about the date of issue of the relevant Tranche. Interests in the Global Note Certificates will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including depositaries for Euroclear and CBL.

Individual note certificates (“**Individual Note Certificates**”) evidencing holdings of Notes will only be available in certain limited circumstances. See “Form of Notes and Transfer Restrictions relating to U.S. Sales”.

#### *Monte Titoli Notes*

Notes which are specified in the relevant Pricing Supplement as having Monte Titoli as a clearing system (“**Monte Titoli Notes**”) will be held on behalf of the beneficial owners thereof, from their date of issue until their redemption, by Monte Titoli for the account of the relevant Monte Titoli account holders. The expression “**Monte Titoli account holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any financial intermediary appointed by Euroclear and/or CBL for the account of participants in Euroclear and/or CBL.

#### Currencies:

Notes may be denominated in any currency, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements. Payments in respect of Notes may, subject to such compliance, be made in and/or linked to, any currency or currencies other than the currency in which such Notes are denominated.

Issues of Notes with a maturity of more than one year denominated in Swiss Francs or carrying a Swiss Franc-related element (other than Notes privately placed with a single investor with no publicity) will be effected in compliance with the relevant regulations of the Swiss National Bank based on article 7 of the Federal Law on Banks and Savings Banks of 8 November 1934 (as amended) and article 15 of the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995 in connection with article 2, paragraph 2 of the Ordinance of the Federal Banking Commission on Stock Exchanges and Securities Trading of 2 December 1996. Under these regulations, the relevant Dealer or, in the case of a syndicated issue, the lead manager (the “**Swiss Dealer**”), must be a bank domiciled in Switzerland (which includes branches or subsidiaries of a foreign bank located in Switzerland) or a securities dealer duly licensed by the Swiss Federal Banking Commission pursuant to the Federal Law on Stock Exchanges and Securities Trading of 24 March 1995. The Swiss Dealer must report certain details of the relevant transaction to the Swiss National Bank no later than the date of issue of the relevant Notes.

#### Status of Notes:

Notes may be issued either on an unsubordinated basis (“**Unsubordinated Notes**”) or on a subordinated basis (“**Subordinated Notes**”) as described herein.

Unsubordinated Notes:	The status of the Unsubordinated Notes is described in Condition 5(a).
Subordinated Notes:	Notes issued by Banca Intesa may be issued as Lower Tier II Subordinated Notes, Upper Tier II Subordinated Notes or Tier III Subordinated Notes and Notes issued by IBOL may be issued on a subordinated basis, all as described in Condition 5. IBI will not issue Notes on a subordinated basis.
Status of Guarantee:	Notes issued by IBOL, IBI or any further issuer appointed as an issuer from time to time will have the benefit of an unconditional and irrevocable guarantee, set out in the Trust Deed. Such guarantee will be given either on an unsubordinated basis (" <b>Unsubordinated Guarantee</b> "), in the case of Unsubordinated Notes, or on a subordinated basis (" <b>Subordinated Guarantee</b> "), in the case of Subordinated Notes, as described in Condition 6.
Issue Price:	Notes may be issued at any price and either on a fully or partly paid basis, as specified in the relevant Pricing Supplement.
Maturities:	<p>Any maturity, subject, in relation to specific currencies, to compliance with all applicable legal and/or regulatory and/or central bank requirements.</p> <p>Unless otherwise permitted by current laws, regulations, directives and/or the Bank of Italy's requirements applicable to the issue of Subordinated Notes, (i) Lower Tier II Subordinated Notes must have a minimum maturity of five years (or, if issued for an indefinite duration, redemption of such Notes may only occur five years after their date of issue), (ii) Upper Tier II Subordinated Notes must have a minimum maturity of 10 years and (iii) Tier III Subordinated Notes must have a minimum maturity of two years.</p> <p>Notes issued by Banca Intesa with an original maturity of less than 18 months are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any), pursuant to Legislative Decree No. 600 of 29 September 1973, as recently amended, as more fully described under "Taxation" below. Banca Intesa will not be liable to pay any additional amounts to Noteholders in relation to any such withholding. Any minimum and maximum maturities may be subject to change from time to time as a result of changes to the relevant legal or regulatory requirements.</p> <p>Where Notes issued by IBOL or IBI have a maturity of less than one year and either (a) the issue proceeds are received by IBOL or IBI in the United Kingdom or (b) the activity of issuing the Notes is carried on from an establishment by IBOL or IBI in the United Kingdom, such Notes must: (i) have a minimum redemption value of £100,000 (or its equivalent in other currencies) and be issued only to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or (ii) be issued in other circumstances which do not constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "<b>FSMA</b>") by IBOL or IBI, see "Subscription and Sale".</p>

Redemption:	<p>Notes may be redeemed at par or at such other Redemption Amount (detailed in a formula, index or otherwise) as may be specified in the relevant Pricing Supplement. Notes may also be redeemable in two or more instalments on such dates and in such manner as may be specified in the relevant Pricing Supplement.</p> <p>The redemption of Upper Tier II Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on Banca Intesa maintaining its minimum capital requirements (<i>patrimonio di vigilanza</i>) as prescribed in Title IV, Chapter I of the Bank of Italy's Regulations (<i>istruzioni di vigilanza</i>) in force at 5th August, 2003 immediately following redemption of the Upper Tier II Subordinated Notes. If such approval is not given on or prior to the relevant redemption date, Banca Intesa will re-apply to the Bank of Italy for its consent to such redemption forthwith upon its having again, by whatever means, such required minimum capital. Banca Intesa will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the due date for redemption will continue to bear interest as provided in the Conditions and the Trust Deed.</p> <p>Notes having a maturity of less than one year may be subject to restrictions on their denomination and distribution, see "Maturities" above.</p>
Optional Redemption:	<p>Notes may be redeemed before their stated maturity at the option of Banca Intesa or, as the case may be, IBOL or IBI (either in whole or in part) and/or the Noteholders to the extent (if at all) specified in the relevant Pricing Supplement. In the case of Subordinated Notes, such optional redemption may only be at the option of the relevant Issuer and is subject to any necessary prior consent thereto having been obtained from the Bank of Italy.</p>
Tax Redemption:	<p>Except as described in "Optional Redemption" above, early redemption will only be permitted for tax reasons as described in Condition 12(b) (<i>Redemption and Purchase – Redemption for tax reasons</i>). Any such redemption shall be subject, in the case of Subordinated Notes, to the prior consent of the Bank of Italy.</p>
Interest:	<p>Notes may be interest-bearing or non-interest bearing. Interest (if any) may accrue at a fixed rate or a floating rate or a variable rate or be index-linked and the method of calculating interest may vary between the issue date and the maturity date of the relevant Series.</p>
Denominations:	<p>Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements, see "Maturities" above.</p> <p>Notes which are issued or to be issued by IBI (i) which are issued to the public (within the meaning of the Companies Acts 1963 to 2001) must have a minimum denomination of €40,000 (or its equivalent in other currencies) and (ii) which are not listed on a stock exchange must have a minimum denomination of</p>

€500,000 or its equivalent, and, in every case (including the foregoing), subject to compliance with all applicable legal and/or tax and/or regulatory and/or central bank requirements.

Negative Pledge:	Unsubordinated Notes will have the benefit of a negative pledge as described in Condition 7 ( <i>Negative Pledge</i> ).
Cross Default:	Unsubordinated Notes will have the benefit of a cross default as described in Condition 15 ( <i>Events of Default</i> ).
Taxation:	<p>All payments of principal and interest in respect of Notes or made under the guarantee by Banca Intesa in respect of any Notes issued by IBOL or IBI will be made free and clear of withholding taxes in the jurisdiction of incorporation of Banca Intesa, IBOL or IBI, unless the withholding is required by law. In that event, Banca Intesa or, as the case may be, IBOL or IBI will (subject as provided in Condition 14 (<i>Taxation</i>)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.</p> <p>Notes issued by Banca Intesa with an original maturity of less than 18 months are subject to a withholding tax at the rate of 27 per cent. per annum in respect of interest and premium (if any), pursuant to Legislative Decree No. 600 of 29 September 1973, as recently amended, as more fully described under “Taxation” below. Banca Intesa will not be liable to pay any additional amounts to Noteholders in relation to any such withholding. Any minimum and maximum maturities may be subject to change from time to time as a result of changes to the relevant legal or regulatory requirements.</p>
Redenomination:	The applicable Pricing Supplement may provide that certain Notes may be redenominated in euro. If so, the wording of the redenomination clause will be set out in full in the applicable Pricing Supplement.
Governing Law:	The Notes and the Trust Deed will be governed by, and construed in accordance with, English law, save that the subordination provisions applicable to Subordinated Notes issued by Banca Intesa and the subordination provisions which relate to the Subordinated Guarantee will be governed by, and construed in accordance with, Italian law.
Ratings:	Notes issued pursuant to the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will not necessarily be the same as the rating applicable to the Programme. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Selling Restrictions:	For a description of certain restrictions on offers, sales and deliveries of Notes and on the distribution of offering material in the United States, the United Kingdom, the Republic of Italy, the Cayman Islands, Ireland, Germany, The Netherlands and Japan, see “Subscription and Sale” below.
Transfer Restrictions:	There are restrictions on the transfer of Notes sold pursuant to Rule 144A under the Securities Act.

## FORMS OF THE NOTES AND TRANSFER RESTRICTIONS RELATING TO U.S. SALES

### I. Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a temporary global note (the “**Temporary Global Note**”), without Coupons, or a permanent global note (the “**Permanent Global Note**”), without Coupons, in each case as specified in the relevant Pricing Supplement. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a “**Bearer Global Note**”) will be deposited on or around the issue date of the relevant Tranche of the Notes with a depository or a common depository for Euroclear and/or CBL and/or any other relevant clearing system.

The relevant Pricing Supplement will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the “**TEFRA C Rules**”) or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the “**TEFRA D Rules**”) are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

#### **Temporary Global Note exchangeable for Permanent Global Note**

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for a Permanent Global Note”, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without Coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the relevant Issuer shall procure (in the case of first exchange) the prompt delivery (free of charge to the bearer) of such Permanent Global Note to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within 7 days of the bearer requesting such exchange.

The principal amount of the Permanent Global Note shall be equal to the aggregate of the principal amounts specified in the certificates of non-U.S. beneficial ownership; *provided*, however, that in no circumstances shall the principal amount of the Permanent Global Note exceed the initial principal amount of the Temporary Global Note.

The Permanent Global Note will be exchangeable in whole, but not in part, for Notes in definitive form (“**Definitive Notes**”):

- (i) on the expiry of such period of notice as may be specified in the relevant Pricing Supplement; or
- (ii) at any time, if so specified in the relevant Pricing Supplement; or
- (iii) if the relevant Pricing Supplement specifies “in the limited circumstances described in the Permanent Global Note”, then if (a) Euroclear or CBL or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 15 (*Events of Default*) occurs and is continuing.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note at the Specified Office of the Principal Paying Agent within 60 days of the bearer requesting such exchange.

### **Temporary Global Note exchangeable for Definitive Notes**

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Pricing Supplement specifies the form of Notes as being “Temporary Global Note exchangeable for Definitive Notes” and also specifies that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the relevant Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Pricing Supplement), in an aggregate principal amount equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note at the Specified Office of the Principal Paying Agent within 60 days of the bearer requesting such exchange.

## **II. Registered Notes**

Each Tranche of Registered Notes will be represented by:

- (i) interests in an Unrestricted Global Note Certificate (in the case of Notes sold outside the United States in reliance on Regulation S under the Securities Act) (“**Unrestricted Notes**”); or
- (ii) interests in a Restricted Global Note Certificate (in the case of Notes sold in reliance on Rule 144A under the Securities Act) (“**Restricted Notes**”).

Each Unrestricted Global Note Certificate will be deposited with a nominee for, and registered in the name of a common depository of, Euroclear and CBL.

Each Restricted Global Note Certificate will be deposited with a custodian for, and registered in the name of a nominee of, DTC. The Restricted Global Note Certificate (and any Individual Note Certificates issued in exchange therefor) will be subject to certain restrictions on transfer as described below under “Transfer Restrictions”.

### **Transfer Restrictions**

On or prior to the fortieth day after the relevant issue date, Notes represented by an interest in an Unrestricted Global Note Certificate may be transferred to a person who wishes to hold such Notes in the form of an interest in a Restricted Global Note Certificate only upon receipt by the Registrar of a written certification from the transferor (in the form set out in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is a qualified institutional buyer within the meaning of Rule 144A, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States. After such fortieth day, such certification requirements will no longer apply to such transfers, but such transfers will



continue to be subject to the transfer restrictions contained in the legend appearing on the face of such Global Note Certificate.

Notes represented by an interest in a Restricted Global Note Certificate may also be transferred to a person who wishes to hold such Notes in the form of an interest through an Unrestricted Global Note Certificate, but only upon receipt by the Registrar of a written certification from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144A (if available) under the Securities Act.

Transfer restrictions will terminate three years after the relevant issue date provided that any Notes purchased by or on behalf of the relevant Issuer, Banca Intesa (in its capacity as guarantor) or any of their respective affiliates have been cancelled in accordance with Condition 12(i) (*Redemption and Purchase – Cancellation*).

Any interest in either a Restricted Global Note Certificate or an Unrestricted Global Note Certificate that is transferred to a person who takes delivery in the form of an interest in the other Global Note Certificate will, upon transfer, cease to be an interest in such Global Note Certificate and become an interest in the other Global Note Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in such other Global Note Certificate.

The Notes are being offered and sold in the United States only to qualified institutional buyers within the meaning of and in reliance on Rule 144A.

Each purchaser of Notes offered pursuant to Rule 144A will be deemed to have represented and agreed as follows (terms used in the following paragraphs that are defined in Rule 144A have the respective meanings given to them in Rule 144A):

- (a) the purchaser (i) is a qualified institutional buyer, (ii) is acquiring the Notes for its own account or for the account of such a qualified institutional buyer and (iii) is aware that the sale of the Notes to it is being made in reliance on Rule 144A;
- (b) the purchaser understands that the Notes are being offered only in a transaction not involving any public offering in the United States within the meaning of the Securities Act and that the Notes and the Guarantee (where applicable) have not been and will not be registered under the Securities Act and may not be reoffered, resold, pledged or otherwise transferred except in accordance with the legend set forth below; and
- (c) the purchaser understands that the Restricted Global Note Certificate and any Restricted Individual Note Certificates (as defined below) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THE NOTES REPRESENTED HEREBY [AND THE GUARANTEE IN RESPECT THEREOF]\* HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING THE NOTES REPRESENTED HEREBY, AGREES FOR THE BENEFIT OF THE RELEVANT ISSUER [AND BANCA INTESA] THAT THE NOTES REPRESENTED HEREBY [AND THE GUARANTEE IN RESPECT THEREOF]\* MAY BE REOFFERED, RESOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND OTHER APPLICABLE LAWS AND ONLY (1) PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR A PERSON PURCHASING FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER WHOM THE HOLDER HAS INFORMED, IN EACH CASE, THAT THE REOFFER, RESALE, PLEDGE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (4) TO THE ISSUER, [BANCA INTESA] OR [ITS/THEIR RESPECTIVE] AFFILIATES.

\* Delete references to "guarantee" in the case of Notes issued by Banca Intesa.

Upon the transfer, exchange or replacement of a Restricted Global Note Certificate or a Restricted Individual Note Certificate bearing the above legend, or upon specific request for removal of the legend, the relevant Issuer will deliver only Individual Note Certificates that bear such legend (“**Restricted Individual Note Certificates**”) or will refuse to remove such legend, unless there is delivered to the relevant Issuer and the Registrar such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the relevant Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act. Such transfer restrictions will terminate three years after the relevant issue date provided that any Notes purchased by or on behalf of the relevant Issuer, the Guarantor (if applicable) or any of their respective affiliates have been cancelled in accordance with Condition 12(i) (*Redemption and Purchase – Cancellation*).

### **Exchange of Interests in Global Note Certificates for Individual Note Certificates**

Interests in a Global Note Certificate will be exchangeable (free of charge), in whole but not in part, for Individual Note Certificates without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event.

For these purposes, “**Exchange Event**” means that (i) an Event of Default has occurred and is continuing, (ii) in the case of Notes represented by a Restricted Global Note Certificate only, DTC has notified the Issuer that it is unwilling or unable to continue to act as depository for the Notes and no alternative clearing system is available, (iii) in the case of Notes represented by a Restricted Global Note Certificate only, DTC has ceased to constitute a clearing agency registered under the U.S. Securities Exchange Act of 1934, as amended (the “**Exchange Act**”) or in the case of Notes represented by an Unrestricted Global Note Certificate only, the Issuer has been notified that both Euroclear and CBL have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system is available or (iv) at the relevant Issuer’s request. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 21 (Notices) if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, DTC, Euroclear and/or CBL (acting on the instructions of any holder of an interest in such Global Note Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iv) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

In such circumstances, the relevant Issuer shall procure the delivery of Individual Note Certificates in exchange for the Unrestricted Global Note Certificate and/or the Restricted Global Note Certificate. A person having an interest in a Global Note Certificate must provide the Registrar (through DTC, Euroclear and/or CBL) with (a) such information as the relevant Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Individual Note Certificates are to be registered and the principal amount of each such person’s holding) and (b) (in the case of the Restricted Global Note Certificate only) a certificate given by or on behalf of the holder of each beneficial interest in the Restricted Global Note Certificate stating either (i) that such holder is not transferring its interest at the time of such exchange or (ii) that the transfer or exchange of such interest has been made in compliance with the transfer restrictions applicable to the Notes and that the person transferring such interest reasonably believes that the person acquiring such interest is a qualified institutional buyer and is obtaining such beneficial interest in a transaction meeting the requirements of Rule 144A. Individual Note Certificates issued in exchange for interests in the Restricted Global Note Certificate will bear the legends and be subject to the transfer restrictions set out above under “Transfer Restrictions”. Such transfer restrictions will terminate three years after the relevant issue date, provided that any Notes purchased by or on behalf of the relevant Issuer, the Guarantor (if applicable) or any of their respective affiliates have been cancelled in accordance with Condition 12(i) (*Redemption and Purchase – Cancellation*).

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, such Individual Note Certificates will be issued within five business days of the delivery to the Registrar of the information and any required certification described in the preceding paragraph against the surrender of the relevant Global Note Certificate at the Specified Office of the Registrar. Such exchange shall be

effected in accordance with the regulations concerning the transfer and registration from time to time relating to the Notes and shall be effected without charge, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

The Registrar will not register the transfer of or exchange of interests in a Global Note Certificate for Individual Note Certificates for a period of 15 days ending on the due date for any payment of principal or interest in respect of the Notes.

### **Conditions applicable to Global Notes**

Each Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note. The following is a summary of certain of those provisions:

*Payments:* All payments in respect of the Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note at the Specified Office of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the relevant Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the relevant Issuer shall procure that the same is noted in a schedule thereto.

*Exercise of put option:* In order to exercise the option contained in Condition 12(e) (Redemption at the option of Noteholders) the bearer of the Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

*Partial exercise of call option:* In connection with an exercise of the option contained in Condition 12(c) (*Redemption at the option of the Issuer*) in relation to some only of the Notes, the Global Note may be redeemed in part in the principal amount specified by the relevant Issuer in accordance with the Conditions and the Notes to be redeemed will not be selected as provided in the Conditions.

*Notices:* Notwithstanding Condition 21 (Notices), while all the Notes are represented by a Global Note and the Global Note is deposited with a depository or a common depository for Euroclear and/or CBL and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or CBL and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 21 (*Notices*) on the date of delivery to Euroclear and/or CBL and/or any other relevant clearing system.

### **Legend concerning United States persons**

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Global Notes, the Definitive Notes and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

“Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code.”

The sections referred to in such legend provide that a United States person who holds a Bearer Note, Coupon or Talon will generally not be allowed to deduct any loss realised on the sale, exchange or redemption of such Bearer Note, Coupon or Talon and any gain (which might otherwise be characterised as capital gain) recognised on such sale, exchange or redemption will be treated as ordinary income.

## MONTE TITOLI NOTES

Notes which are specified in the relevant Pricing Supplement as having Monte Titoli as a clearing system will be held on behalf of the beneficial owners thereof, from their date of issue until their redemption, by Monte Titoli for the account of the relevant Monte Titoli account holders. The expression “**Monte Titoli account holder**” means any authorised financial intermediary institution entitled to hold accounts on behalf of its customers with Monte Titoli and includes any financial intermediary appointed by Euroclear and/or CBL for the account of participants in Euroclear and/or CBL.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, as supplemented, amended and/or replaced by the relevant Pricing Supplement, will be endorsed on each Note in definitive form issued under the Programme. The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "Conditions applicable to Global Notes" above.*

### 1. Introduction

- (a) *Programme*: Banca Intesa S.p.A. ("**Banca Intesa**"), Intesa Bank Overseas Ltd. ("**IBOL**") and Intesa Bank Ireland p.l.c. ("**IBI**") have established a Global Medium Term Note Programme (the "**Programme**") for the issuance of up to €17,000,000,000 in aggregate principal amount of notes (the "**Notes**") guaranteed, in respect of Notes issued by IBOL and IBI, by Banca Intesa (in this capacity, the "**Guarantor**").
- (b) *Pricing Supplement*: Notes issued under the Programme are issued in series (each a "**Series**") and each Series may comprise one or more tranches (each a "**Tranche**") of Notes. Each Tranche is the subject of a pricing supplement (the "**Pricing Supplement**") which supplements these terms and conditions (the "**Conditions**"). The terms and conditions applicable to any particular Tranche of Notes are these Conditions as supplemented, amended and/or replaced by the relevant Pricing Supplement. In the event of any inconsistency between these Conditions and the relevant Pricing Supplement, the relevant Pricing Supplement shall prevail.
- (c) *Trust Deed*: The Notes are subject to and have the benefit of an amended and restated trust deed dated 5th August, 2003 (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between Banca Intesa, IBOL, IBI and The Law Debenture Trust Corporation p.l.c. (the "**Trustee**", which expression shall include all persons for the time being the trustee or trustees appointed under the Trust Deed).
- (d) *Agency Agreement*: The Notes are the subject of an amended and restated paying agency agreement dated 5th August, 2003 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between Banca Intesa, IBOL, IBI, the Trustee, Deutsche Bank AG London as principal paying agent (the "**Principal Paying Agent**", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), Deutsche Bank Luxembourg S.A. as principal registrar (the "**Principal Registrar**", which expression includes any successor principal registrar appointed from time to time in connection with the Notes) and the transfer agent (the "**Transfer Agent**", which expression includes any successor transfer agent appointed from time to time in connection with the Notes) and paying agents and exchange agent named therein (together with the Principal Paying Agent and the Registrar, the "**Agents**", which expression includes any successor or additional agents appointed from time to time in connection with the Notes).
- (e) *The Notes*: All subsequent references in these Conditions to "**Notes**" are to the Notes which are the subject of the relevant Pricing Supplement. Copies of the relevant Pricing Supplement are available for inspection and obtainable free of charge by the public during normal business hours at the Specified Office of the Trustee, the Specified Office of the Principal Paying Agent or, in the case of Registered Notes (as defined in Condition 2) the Registrar and, in any event, at the Specified Office of the Paying Agent in Luxembourg, the initial Specified Office of which is set out below.
- (f) *Summaries*: Certain provisions of these Conditions are summaries of the Trust Deed and Agency Agreement and are subject to their detailed provisions. Noteholders and Couponholders, if any, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the Specified Offices of the Trustee and each of the Paying Agents, the initial Specified Offices of which are set out below.

- (g) *Issuers*: References in these Conditions to “**Issuer**” are to the entity specified as the Issuer in the relevant Pricing Supplement.

## 2. Interpretation

- (a) *Definitions*: In these Conditions the following expressions have the following meanings:

“**Accrual Yield**” has the meaning given in the relevant Pricing Supplement;

“**Additional Business Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Additional Financial Centre(s)**” means the city or cities specified as such in the relevant Pricing Supplement;

“**Bearer Note**” means a Note in bearer form;

“**Business Day**” means:

- (i) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre; and
- (ii) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the relevant currency and in each (if any) Additional Business Centre;

“**Business Day Convention**”, in relation to any particular date, has the meaning given in the relevant Pricing Supplement and, if so specified in the relevant Pricing Supplement, may have different meanings in relation to different dates and, in this context, the following expressions shall have the following meanings:

- (i) “**Following Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day;
- (ii) “**Modified Following Business Day Convention**” or “**Modified Business Day Convention**” means that the relevant date shall be postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day;
- (iii) “**Preceding Business Day Convention**” means that the relevant date shall be brought forward to the first preceding day that is a Business Day;
- (iv) “**FRN Convention**”, “**Floating Rate Convention**” or “**Eurodollar Convention**” means that each relevant date shall be the date which numerically corresponds to the preceding such date in the calendar month which is the number of months specified in the relevant Pricing Supplement as the Specified Period after the calendar month in which the preceding such date occurred *provided, however, that*:
  - (A) if there is no such numerically corresponding day in the calendar month in which any such date should occur, then such date will be the last day which is a Business Day in that calendar month;
  - (B) if any such date would otherwise fall on a day which is not a Business Day, then such date will be the first following day which is a Business Day unless that day falls in the next calendar month, in which case it will be the first preceding day which is a Business Day; and
  - (C) if the preceding such date occurred on the last day in a calendar month which was a Business Day, then all subsequent such dates will be the last day which is a Business Day in the calendar month which is the specified number of months after the calendar month in which the preceding such date occurred; and



- (v) **"No Adjustment"** means that the relevant date shall not be adjusted in accordance with any Business Day Convention;

**"Calculation Agent"** means the Principal Paying Agent or such other person specified in the relevant Pricing Supplement as the party responsible for calculating the Rate(s) of Interest and Interest Amount(s) and/or such other amount(s) as may be specified in the relevant Pricing Supplement;

**"Coupon"** means an interest coupon relating to a Bearer Note;

**"Couponholder"** means the holder of a Coupon;

**"Coupon Sheet"** means, in respect of a Bearer Note, a coupon sheet relating to such Note;

**"Day Count Fraction"** means (subject as provided in Condition 8), in respect of the calculation of an amount for any period of time (the **"Calculation Period"**), such day count fraction as may be specified in these Conditions or the relevant Pricing Supplement and:

- (i) if **"Actual/365"** or **"Actual/Actual"** is so specified, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (ii) if **"Actual/365 (Fixed)"** is so specified, means the actual number of days in the Calculation Period divided by 365;
- (iii) if **"Actual/360"** is so specified, means the actual number of days in the Calculation Period divided by 360;
- (iv) if **"30/360"** is so specified, means the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months (unless (i) the last day of the Calculation Period is the 31st day of a month but the first day of the Calculation Period is a day other than the 30th or 31st day of a month, in which case the month that includes that last day shall not be considered to be shortened to a 30-day month, or (ii) the last day of the Calculation Period is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month)); and
- (v) if **"30E/360"** or **"Eurobond Basis"** is so specified means, the number of days in the Calculation Period divided by 360 (the number of days to be calculated on the basis of a year of 360 days with 12 30-day months, without regard to the date of the first day or last day of the Calculation Period unless, in the case of the final Calculation Period, the date of final maturity is the last day of the month of February, in which case the month of February shall not be considered to be lengthened to a 30-day month);

**"Early Redemption Amount (Tax)"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

**"Early Termination Amount"** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, these Conditions or the relevant Pricing Supplement;

**"External Indebtedness"** means any present or future indebtedness for borrowed money in the form of, or represented by bonds, notes, debentures, loan capital, certificates of deposit, loan stock or other like instruments or securities (a) which is or are intended to be quoted, listed or ordinarily dealt in or traded on any stock exchange, automated trading system, over-the-counter or other established securities market (for which purpose any such indebtedness shall not be regarded as intended to be so quoted, listed or ordinarily dealt in or traded if the terms of issue thereof expressly provide to the contrary), (b) which by its terms is payable, or may be required to be paid, three years or more from the date of issue and (c) more than 60 per cent. of the aggregate principal amount of which is initially distributed by or with the authorisation of the issuer thereof outside the Republic of Italy;

**“Extraordinary Resolution”** has the meaning given in the Trust Deed;

**“Final Redemption Amount”** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

**“Fixed Coupon Amount”** has the meaning given in the relevant Pricing Supplement;

**“Guarantee of the Notes”** means the guarantee of the Notes given by the Guarantor in the Trust Deed;

**“Holder”** means a Registered Holder or, as the context requires, the holder of a Bearer Note;

**“Indebtedness for Borrowed Money”** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) money borrowed, (ii) liabilities under or in respect of any acceptance or acceptance credit or (iii) any bonds, notes, debentures, loan capital, certificates of deposit, loan stock or other like instruments or securities offered, issued or distributed whether by way of public offer, private placement, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash;

**“Interest Amount”** means, in relation to a Note and an Interest Period, the amount of interest payable in respect of that Note for that Interest Period;

**“Interest Commencement Date”** means the Issue Date of the Notes or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

**“Interest Determination Date”** has the meaning given in the relevant Pricing Supplement;

**“Interest Payment Date”** means the date or dates specified as such in, or determined in accordance with the provisions of, the relevant Pricing Supplement and, if a Business Day Convention is specified in the relevant Pricing Supplement:

- (i) as the same may be adjusted in accordance with the relevant Business Day Convention; or
- (ii) if the Business Day Convention is the FRN Convention, Floating Rate Convention or Eurodollar Convention and an interval of a number of calendar months is specified in the relevant Pricing Supplement as being the Specified Period, each of such dates as may occur in accordance with the FRN Convention, Floating Rate Convention or Eurodollar Convention at such Specified Period of calendar months following the Interest Commencement Date (in the case of the first Interest Payment Date) or the previous Interest Payment Date (in any other case);

**“Interest Period”** means each period beginning on (and including) the Interest Commencement Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date;

**“ISDA Definitions”** means the 2000 ISDA Definitions (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Pricing Supplement)) as published by the International Swaps and Derivatives Association, Inc.;

**“Issue Date”** has the meaning given in the relevant Pricing Supplement;

**“Maximum Redemption Amount”** has the meaning given in the relevant Pricing Supplement;

**“Margin”** has the meaning given in the relevant Pricing Supplement;

**“Maturity Date”** has the meaning given in the relevant Pricing Supplement;

**“Minimum Redemption Amount”** has the meaning given in the relevant Pricing Supplement;

**“Note Certificate”** means a certificate issued to each Registered Holder in respect of its registered holding of Notes;

**“Noteholder”** means a holder of a Bearer Note or, as the context requires, a Registered Holder;

**“Optional Redemption Amount (Call)”** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

**“Optional Redemption Amount (Put)”** means, in respect of any Note, its principal amount or such other amount as may be specified in, or determined in accordance with, the relevant Pricing Supplement;

**“Optional Redemption Date (Call)”** has the meaning given in the relevant Pricing Supplement;

**“Optional Redemption Date (Put)”** has the meaning given in the relevant Pricing Supplement;

**“Participating Member State”** means a Member State of the European Communities which at any relevant time has adopted the euro as its lawful currency in accordance with the Treaty;

**“Payment Business Day”** means:

- (i) if the currency of payment is euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is:
  - (A) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
  - (B) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

**“Principal Financial Centre”** means, in relation to any currency, the principal financial centre for that currency *provided, however, that*:

- (i) in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent; and
- (ii) in relation to Australian dollars, it means Melbourne and, in relation to New Zealand dollars, it means Wellington;

**“Put Option Notice”** means a notice which must be delivered to a Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**“Put Option Receipt”** means a receipt issued by a Paying Agent to a depositing Noteholder upon deposit of a Note with such Paying Agent by any Noteholder wanting to exercise a right to redeem a Note at the option of the Noteholder;

**“Rate of Interest”** means the rate or rates (expressed as a percentage per annum) of interest payable in respect of the Notes specified in relevant Pricing Supplement or calculated or determined in accordance with the provisions of these Conditions and/or the relevant Pricing Supplement;

**“Redemption Amount”** means, as appropriate, the Final Redemption Amount, the Early Redemption Amount (Tax), the Optional Redemption Amount (Call), the Optional Redemption Amount (Put), the Early Termination Amount or such other amount in the nature of a redemption amount as may be specified in, or determined in accordance with the provisions of, the relevant Pricing Supplement;

**“Reference Banks”** has the meaning given in the relevant Pricing Supplement or, if none, four (or if the Principal Financial Centre is Helsinki, five) major banks selected by the Calculation Agent in the market that is most closely connected with the Reference Rate;

**“Reference Price”** has the meaning given in the relevant Pricing Supplement;

**“Reference Rate”** has the meaning given in the relevant Pricing Supplement;

**“Register”** means the register maintained by the Registrar in respect of Registered Notes in accordance with the Agency Agreement;

**“Registered Holder”** means the person in whose name a Registered Note is for the time being registered in the Register (or, in the case of a joint holding, the first named thereof);

**“Registered Note”** means a Note in registered form;

**“Registrar”** means the Principal Registrar or, as the case may be, the registrar in New York City (as specified in the Pricing Supplement);

**“Relevant Date”** means, in relation to any payment, whichever is the later of (a) the date on which the payment in question first becomes due and (b) if the full amount payable has not been received in the Principal Financial Centre of the currency of payment by the Principal Paying Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders;

**“Relevant Financial Centre”** has the meaning given in the relevant Pricing Supplement;

**“Relevant Screen Page”** means the page, section or other part of a particular information service (including, without limitation, the Reuter Monitor Money Rates Service and the Moneyline Telerate Service) specified as the Relevant Screen Page in the relevant Pricing Supplement, or such other page, section or other part as may replace it on that information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Reference Rate;

**“Relevant Time”** has the meaning given in the relevant Pricing Supplement;

**“Reserved Matter”** has the meaning ascribed thereto in the Trust Deed;

**“Security Interest”** means any mortgage, charge, lien, pledge or other security interest;

**“Specified Currency”** has the meaning given in the relevant Pricing Supplement;

**“Specified Denomination(s)”** has the meaning given in the relevant Pricing Supplement;

**“Specified Office”** has the meaning given in the Trust Deed;

**“Specified Period”** has the meaning given in the relevant Pricing Supplement;

**“Talon”** means a talon for further Coupons;

**“TARGET Settlement Day”** means any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System is open;

**“Treaty”** means the Treaty establishing the European Communities, as amended;

**“Zero Coupon Note”** means a Note specified as such in the relevant Pricing Supplement;

(a) *Interpretation:* In these Conditions:

- (i) if the Notes are Zero Coupon Notes, references to Coupons and Couponholders are not applicable;
- (ii) if Talons are specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Coupons shall be deemed to include references to Talons;

- (iii) if Talons are not specified in the relevant Pricing Supplement as being attached to the Notes at the time of issue, references to Talons are not applicable;
- (iv) any reference to principal shall be deemed to include the Redemption Amount, any additional amounts in respect of principal which may be payable under Condition 14 (*Taxation*), any premium payable in respect of a Note and any other amount in the nature of principal payable pursuant to these Conditions;
- (v) any reference to interest shall be deemed to include any additional amounts in respect of interest which may be payable under Condition 14 (*Taxation*) and any other amount in the nature of interest payable pursuant to these Conditions;
- (vi) references to Notes being “outstanding” shall be construed in accordance with the Trust Deed; and
- (vii) if an expression is stated in Condition 2(a) to have the meaning given in the relevant Pricing Supplement, but the relevant Pricing Supplement gives no such meaning or specifies that such expression is “not applicable” then such expression is not applicable to the Notes.

### 3. Form, Denomination and Title

The Notes are Bearer Notes or Registered Notes, as specified in the relevant Pricing Supplement.

#### *Notes in Bearer Form*

Bearer Notes are issued in the Specified Denomination(s) with Coupons (if applicable) and, if specified in the relevant Pricing Supplement, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination. Title to Bearer Notes and Coupons will pass by delivery. The holder of any Bearer Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such Holder.

#### *Notes in Registered Form*

Registered Notes are issued in the Specified Denominations and may be held in holdings equal to the Specified Minimum Amount (specified in the relevant Pricing Supplement) and integral multiples equal to the Specified Increments (specified in the relevant Pricing Supplement) in excess thereof (an “**Authorised Holding**”). The Holder of each Registered Note shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing on the Note Certificate relating thereto (other than the endorsed form of transfer) or any previous loss or theft of such Note Certificate) and no person shall be liable for so treating such Holder.

### 4. Register and Transfers of Registered Notes

- (a) *Register*: The Registrar will maintain the Register in accordance with the provisions of the Agency Agreement. A Note Certificate will be issued to each Registered Holder in respect of its holding of Notes. Each Note Certificate will be numbered serially with an identifying number which will be recorded in the Register.
- (b) *Transfers*: Subject to paragraphs (e) and (f) below, a Registered Note may be transferred upon surrender of the relevant Note Certificate, with the endorsed form of transfer duly completed, at the Specified Office of the Registrar or any Transfer Agent, together with such evidence as the Registrar or (as the case may be) such Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals who have executed the form of transfer; *provided, however, that* a Registered Note may not be transferred unless the principal amount of Registered

Notes transferred and (where not all of the Registered Notes held by a Holder are being transferred) the principal amount of the balance of Notes not transferred are Authorised Holdings. Where not all the Registered Notes represented by the surrendered Note Certificate are the subject of the transfer, a new Note Certificate in respect of the balance of the Registered Notes will be issued to the transferor.

- (c) *Registration and delivery of Note Certificates:* Within five business days of the surrender of a Note Certificate in accordance with paragraph (b) above, the Registrar will register the transfer in question and deliver a new Note Certificate of a like principal amount to the Registered Notes transferred to each Registered Holder at its Specified Office or (as the case may be) the Specified Office of any Transfer Agent or (at the request and risk of any such relevant Registered Holder) by uninsured first class mail (airmail if overseas) to the address specified for the purpose by such Registered Holder. In this paragraph, “**business day**” means a day on which commercial banks are open for business (including dealings in foreign currencies) in the city where the Registrar or (as the case may be) the relevant Transfer Agent has its Specified Office.
- (d) *No charge:* The transfer of a Registered Note will be effected without charge by or on behalf of the Issuer, the Guarantor (if applicable), the Registrar or any Transfer Agent but against such indemnity as the Registrar or (as the case may be) such Transfer Agent may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such transfer.
- (e) *Closed periods:* Registered Holders may not require transfers to be registered during the period of 15 days ending on the due date for any payment of principal or interest in respect of the Registered Notes.
- (f) *Regulations concerning transfers and registration:* All transfers of Registered Notes and entries on the Register are subject to the detailed regulations concerning the transfer of Registered Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Guarantor (if applicable) with the prior written approval of the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Registered Holder who requests in writing a copy of such regulations.

## 5. Status of the Notes

### (a) Status – Unsubordinated Notes

*This Condition 5(a) is applicable in relation to Notes specified in the Pricing Supplement as being unsubordinated or not specified as being subordinated (“**Unsubordinated Notes**”).*

The Notes constitute direct, general, unconditional and (subject to the provisions described in Condition 7) unsecured obligations of the Issuer and rank pari passu and rateably without any preference among themselves and (subject to any obligations preferred by any applicable law) equally with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Issuer, present and future.

### (b) Status – Subordinated Notes issued by Banca Intesa

*This Condition 5(b) is applicable only in relation to Notes issued by Banca Intesa and specified in the Pricing Supplement as being subordinated (“**Subordinated Notes**”).*

#### (i) Status of Subordinated Notes

- (aa) The Upper Tier II Subordinated Notes (*Strumenti Ibridi di Patrimonializzazione*, as defined in Title IV, Chapter 1, Section II, paragraph 4.1 of the Regulations of the Bank of Italy (*Istruzioni di Vigilanza della Banca d'Italia*) (the “**Bank Regulations**”) in force at 5th August, 2003) and any relative Coupons constitute unconditional and unsecured obligations of Banca Intesa subordinated as described in the first paragraph of Condition 5(b)(iii). Notes of each Series of Upper Tier II Subordinated Notes will rank pari passu without any preference among themselves.



- (bb) The Lower Tier II Subordinated Notes (*Passività Subordinate*, as defined in Title IV, Chapter 1, Section II, paragraph 4.2 of the Bank Regulations in force at 5th August, 2003) and any relative Coupons constitute unconditional and unsecured obligations of IntesaBci subordinated as described in Condition 5(b)(ii). Notes of each Series of Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (cc) The Tier III Subordinated Notes constitute subordinated obligations of Banca Intesa, classified, in accordance with Title IV, Chapter 3 of the Bank Regulations in force at 5th August, 2003 as “*Prestiti Subordinati di 3° livello*” and are taken into account for purposes of the calculation of the market risk coverage of Banca Intesa.
- (dd) In relation to each Series of Subordinated Notes all Subordinated Notes of such Series will be treated equally and all amounts paid by Banca Intesa in respect of principal and interest thereon will be paid *pro rata* on all Subordinated Notes of such Series.
- (ee) Each Holder of a Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy which it might otherwise have, under the laws of any jurisdiction, in respect of such Subordinated Note.
- (ff) The repayment of the principal and the payment of interest (as defined below) in respect of Subordinated Notes are obligations of Banca Intesa.

(ii) **Special provisions relating to Lower Tier II Subordinated Notes**

In the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in Legislative Decree of 1st September, 1993, no. 385 of the Republic of Italy as amended (the “**Consolidated Banking Act**”)), the payment obligations of Banca Intesa in respect of principal and interest under the Lower Tier II Subordinated Notes will be repaid only after the satisfaction of all unsubordinated creditors of Banca Intesa and of all creditors holding instruments which are less subordinated than the Lower Tier II Subordinated Notes. Lower Tier II *Pari Passu* Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Lower Tier II Subordinated Notes, without any preference or priority. Lower Tier II Junior Creditors (as defined below) rank after the Lower Tier II Subordinated Notes in a bankruptcy, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*.

“**Lower Tier II *Pari Passu* Creditors**” means the creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights having the same degree of subordination as the Lower Tier II Subordinated Notes, including, but not limited to, creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the applicable Bank Regulations, as “*Prestiti Subordinati di 3° livello*” (the “**Tier III Subordinated Notes**”).

“**Lower Tier II Junior Creditors**” means the creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights ranking more subordinated than the Lower Tier II Subordinated Notes (including, but not limited to, subordinated creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the current Bank Regulations, as “*Strumenti Ibridi di Patrimonializzazione*” or that otherwise are expressed to rank subordinated to the Lower Tier II Subordinated Notes or to securities more subordinated than the Lower Tier II Subordinated Notes).

(iii) **Special provisions relating to Upper Tier II Subordinated Notes**

In the event of a bankruptcy, dissolution, liquidation or other winding-up of Banca Intesa, or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* (within the meaning ascribed to that expression by the Consolidated Banking

Act and the other relevant laws of the Republic of Italy (hereinafter in these Conditions referred to as “*Liquidazione Coatta Amministrativa*”), the payment obligations of Banca Intesa in respect of principal and interest under the Upper Tier II Subordinated Notes will be subordinated to the claims of all Senior Creditors (as defined below) so that all such claims are entitled to be satisfied in full before any payments are made in respect of principal and interest under the Upper Tier II Subordinated Notes. In a bankruptcy, dissolution, liquidation or other winding-up of Banca Intesa, or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of Banca Intesa in respect of principal and interest under the Upper Tier II Subordinated Notes will rank *pari passu* with Other Pari Passu Claims (as defined below), and senior to the share capital of Banca Intesa.

(aa) Loss Absorption

To the extent that Banca Intesa at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, would require Banca Intesa to reduce its capital to below the Minimum Capital (as defined below) (as determined by the Auditors of Banca Intesa and certified to the Trustee in accordance with the Trust Deed) the obligations of Banca Intesa in respect of interest and principal under the Notes, whether or not matured, will be reduced to the extent necessary to enable Banca Intesa to maintain at least the Minimum Capital in accordance with the requirements of law as determined by the Auditors (as defined in the Trust Deed) of Banca Intesa and certified to the Trustee in accordance with the Trust Deed.

The amount by which the obligations of Banca Intesa have been reduced in accordance with this Condition will be reinstated whether or not the maturity date of the relevant obligation has occurred under the following circumstances, as determined by the Auditors of Banca Intesa and certified to the Trustee in accordance with the Trust Deed:

- (i) in whole, in the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa* as if such obligations of Banca Intesa were not so reduced in accordance with this Condition; and
- (ii) in whole or in part, from time to time, to the extent that Banca Intesa, by reason of its having profits, or by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and would not be required, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, to reduce its capital to below the Minimum Capital.

As further provided in Condition 5(b)(iii)(cc)(ii)(A), in the event of any distribution to the holders of any class of shares of Banca Intesa being approved or made prior to the full reinstatement of the obligations of Banca Intesa in respect of the Notes pursuant to this Condition or the Trust Deed, such obligations shall be reinstated in full whether or not the maturity date of the relevant obligation has occurred forthwith upon such distribution being approved or made.

As further provided in Condition 5(b)(iii)(cc)(i), in the event of Banca Intesa making or proposing to make any payment of or in respect of amounts of interest or principal or premium or in relation to any Other Pari Passu Claims prior to the full reinstatement of the obligations of Banca Intesa in respect of the Notes pursuant to this Condition or the Trust Deed, the obligations of Banca Intesa in respect of the Notes shall be reinstated to the extent that Banca Intesa is able to make payment thereof *pari passu* and *pro rata* with the payments on or in relation to such Other Pari Passu Claims whether or not the maturity date of the relevant obligations has occurred.

For the purposes of these Conditions, “**Minimum Capital**” means the minimum capital required for Banca Intesa by the Bank of Italy from time to time for the issuance or maintenance of the Bank of Italy’s authorisation to conduct banking activity, being, at 5th August, 2003, euro 6,300,000.

The Trustee shall be entitled to rely on certificates of the Auditors of Banca Intesa without further investigation.

(bb) *Arrears of Interest*

On any Optional Interest Payment Date (as defined below) there may be paid (if Banca Intesa so elects but subject to Condition 5(b)(iii) and the application of Condition 5(b)(iii)(aa)) the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date, but (except as provided in Condition 5(b)(iii)(cc)) Banca Intesa shall not have any obligation to make such payment and any failure to pay shall not constitute a default by Banca Intesa for any purpose.

Any interest in respect of the Notes not paid on an Optional Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”.

For the avoidance of doubt, during any period when there are Arrears of Interest due to the Noteholders, the Notes shall continue to accrue interest at the relevant Rate of Interest on their original principal amount.

In addition, each amount of Arrears of Interest shall itself bear interest as if it were principal of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes in respect of any Interest Period, and the amount of such interest (the “**Additional Interest Amount**”) with respect to each amount of Arrears of Interest shall become due and payable pursuant to paragraph (cc) below and shall be calculated by the Principal Paying Agent by applying the Rate of Interest to the amount of the Arrears of Interest and otherwise *mutatis mutandis* as provided in this Condition 5. The Additional Interest Amount accrued up to any Interest Payment Date shall be added to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest. Arrears of Interest (together with corresponding Additional Interest Amount) shall be payable in accordance with Condition 13.

(cc) *Payment of Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount) may at the option of Banca Intesa be paid in whole or in part at any time except that:

- (i) if at any time Banca Intesa shall make any payment of or in respect of amounts of interest or principal or premium on or in relation to any Other Pari Passu Claims, Arrears of Interest (together with the corresponding Additional Interest Amount) shall become due and payable on the next Interest Payment Date (or, if none, the tenth Business Day) immediately following such payment of or in respect of amounts of interest or principal or premium on or in relation to Other Pari Passu Claims (as provided in Condition 5(b)(iii) and Condition 5(b)(iii)(aa)) *pari passu* and *pro rata* with any other payments of or in respect of interest on or in relation to any Other Pari Passu Claims to the extent that Banca Intesa has funds available to pay such amount; and
- (ii) all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due and payable (as provided in Condition 5(b)(iii) and Condition 5(b)(iii)(aa)) on whichever is the earliest of:

- (A) the Interest Payment Date immediately following the date upon which distribution to the holders of any class of dividend is approved or paid on any share of Banca Intesa;
- (B) the date on which the Notes are to be repaid pursuant to any provision of Condition 12; and
- (C) the commencement of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*.

If notice is given by Banca Intesa of its intention to pay the whole or any part of Arrears of Interest, Banca Intesa shall (subject to Condition 5(b)(iii) and the application of Condition 5(b)(iii)(aa)) be obliged to do so (together with the corresponding Additional Interest Amount) upon the expiration of such notice.

(dd) *Notice of Interest Deferral, Payment of Arrears of Interest and Loss Absorption*

Banca Intesa shall give not more than 25 nor less than 15 days' prior notice to the Trustee, the Paying Agents, and to the Noteholders in accordance with Condition 21:

- (i) of any Optional Interest Payment Date on which, pursuant to the provisions of Condition 5(b)(iii)(bb) above, interest will not be paid;
- (ii) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable;
- (iii) of (1) the amount of principal and of sums which would otherwise be payable as interest in respect of the Notes which are to be applied to meet the losses of Banca Intesa pursuant to Condition 5(b)(iii)(aa), (2) the date of such application and (3) details of the nature of such losses; and
- (iv) of (1) the amount of principal and of sums which would otherwise have been payable as interest in respect of the Notes and which, having been applied to meet the losses of Banca Intesa pursuant to Condition 5(b)(iii)(aa), are to be reinstated as provided herein, (2) the date of such reinstatement and the date on which the relevant amount shall become due and payable in accordance with these Conditions and (3) details of the event giving rise to such reinstatement.

The information contained in any notice given in accordance with this paragraph (dd) will be available at the specified office of the Principal Paying Agent from the date of the relevant notice.

(ee) *Partial Payment of Arrears of Interest*

If amounts in respect of Arrears of Interest and Additional Interest Amounts become payable:

- (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
- (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued to the date of payment.

(ff) *Definitions*

For the purposes of this Condition 5(b)(iii):

- (i) the term “**interest**” includes, unless the context requires otherwise, Arrears of Interest and Additional Interest Amounts;
- (ii) “**Optional Interest Payment Date**” means any Interest Payment Date in respect of which:
  - (A) no annual dividend has been approved by the shareholders of Banca Intesa or paid in respect of any class of shares of Banca Intesa during the twelve month period ending on the date immediately preceding such Interest Payment Date; or
  - (B) the board of directors of Banca Intesa has announced at the time of publication of any interim accounts (the “**Interim Accounts**”, which expression includes the semi-annual accounts and any other interim accounts that, according to Italian law applicable at that time, entitle Banca Intesa to make distributions of interim dividends) of Banca Intesa published during the two Interest Periods immediately preceding such Interest Payment Date that, based on such Interim Accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends;
- (iii) “**Other Pari Passu Claims**” means claims of creditors of Banca Intesa which are subordinated so as to rank *pari passu* with the claims of the Noteholders and the Couponholders and the Trustee in respect of the Notes and the Coupons; and
- (iv) “**Senior Creditors**” means (a) all unsubordinated creditors of Banca Intesa; (b) all creditors of Banca Intesa whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of Banca Intesa, but not further or otherwise including, for the avoidance of doubt, all claims of existing and future holders of Lower Tier II Capital (“*Passività Subordinate*” within the meaning ascribed to such expression by the Bank Regulations) and Tier III Notes; and (c) all other creditors of Banca Intesa except the holders of the Notes and the holders of the Coupons and the Trustee in relation to their claims in respect of the Notes and the Coupons and creditors whose claims rank, or are expressed to rank, *pari passu* with or junior to such claims.

(iv) ***Special provisions relating to Tier III Subordinated Notes***

(A) *Ranking*

In the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in the Consolidated Banking Act), the Notes will be repaid, with respect to principal and accrued interest, only after the satisfaction of all unsubordinated creditors of Banca Intesa and of all creditors holding instruments which are less subordinated than the Notes. Tier III Pari Passu Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Notes, without any preference or priority. Tier III Junior Creditors (as defined below) rank after the Notes in a bankruptcy, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*.

“**Tier III Pari Passu Creditors**” means the creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights having the same degree of subordination as the Notes, including, but not limited to, creditors of the Issuer holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the applicable Bank Regulations, as “*Passività Subordinate*” (“**Subordinated Liabilities**”).



**“Tier III Junior Creditors”** means the creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights ranking more subordinated than the Notes (including, but not limited to, subordinated creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the current Bank Regulations, as *“Strumenti Ibridi di Patrimonializzazione”* or that otherwise are expressed to rank subordinated to the Notes or to securities more subordinated than the Notes).

No Noteholder may exercise or claim any right of set-off in respect of any amount owed to it by Banca Intesa arising under or in connection with the Notes.

(B) *Lock-in Clause*

(aa) The payment of the sums due with respect to interest and/or principal on Tier III Subordinated Notes will be entirely suspended and deferred, and any such suspension and deferral to pay shall not constitute a default of Banca Intesa under the Notes and the Trust Deed if, at the time any such payment becomes due:

(A) Banca Intesa’s Total Amount of Regulatory Capital (as defined below) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of Banca Intesa, as provided by the then applicable Bank Regulations, on a consolidated or unconsolidated basis; or

(B) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes, Banca Intesa’s Total Amount of Regulatory Capital would become, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of Banca Intesa, as provided by the then applicable Bank Regulations, on a consolidated or unconsolidated basis.

(bb) **“Banca Intesa’s Total Amount of Regulatory Capital” means:**

(A) on an unconsolidated basis, the aggregate amount of the items stated and defined in (I), (II), (III), (IV), (V), and (VI) below and any additional, replacement and/or adjusted or other items, in each case which may from time to time be required to be included pursuant to the then applicable Bank Regulations for the purposes of calculating the Issuer’s Total Amount of Regulatory Capital;

(B) on a consolidated basis, the aggregate amount of the items listed in (A) above, calculated on a consolidated basis, according to the Bank Regulations from time to time applicable,

WHERE:

(I) taken as a positive figure, the aggregate amount of the regulatory capital of Banca Intesa (*Patrimonio di Vigilanza*), calculated on an unconsolidated basis, as set forth in the then applicable Bank Regulations (being, as at 5th August, 2003, Title IV, Chapter 1, Section II);

(II) taken as a positive figure, the aggregate amount of any indebtedness of Banca Intesa qualified by the Bank of Italy as *“passività subordinate di 3° livello”*, intended to cover the minimum capital requirements for market risks, calculated on an unconsolidated basis (as defined, as at 5th August, 2003, in Title IV, Chapter 3 of the Bank Regulations or any provision which amends or replaces such definition) in accordance with the following paragraph (III), provided however that the amount of such indebtedness can only be included up to the absolute amount of the following paragraph (III);

(III) taken as a negative figure, the minimum capital requirements for market risks of Banca Intesa, calculated on an unconsolidated basis (as defined, as at 5th August,



- 2003, in Title IV, Chapter 3 of the Bank Regulations or any provisions which amends or replaces such definition);
- (IV) taken as a negative figure, the excess of the limit to the ownership of shareholdings in non-financial companies acquired by Banca Intesa following the recovery of credits (as defined, as at 5th August, 2003, in Title IV, Chapter 9, Section V of the Bank Regulations or any provision which amends or replaces such definition);
  - (V) taken as a negative figure, the excess over the limit on the ownership of real estate acquired by Banca Intesa following the recovery of credits (as defined, as at 5th August, 2003, in Title IV, Chapter 10, Section II of the Bank Regulations or any provision which amends or replaces such definition);
  - (VI) taken as negative figure, any additional specific capital requirements imposed on Banca Intesa by the Bank of Italy, to the extent not taken into account in paragraphs (III) to (V).
- (cc) For the purposes of the Tier III Subordinated Notes, Banca Intesa's Total Amount of Regulatory Capital is deemed to be equal to or more than the minimum credit risk (*rischio creditizio*) capital requirements of Banca Intesa as required by the then applicable Bank Regulations, when:
- (A) Banca Intesa's Total Amount of Regulatory Capital, calculated on an unconsolidated basis, is equal to or more than the 7 per cent. (or such other percentage as may be, from time to time, set forth, on an unconsolidated basis, by the Bank of Italy) of the aggregate weighted assets to be comprised in the calculation, on an unconsolidated basis, of the minimum capital requirements of Banca Intesa (such assets being defined, as at 5th August, 2003, in Title IV, Chapter 2, Section II of the Bank Regulations or any provision which amends or replaces such definition); and
  - (B) Banca Intesa's Total Amount of Regulatory Capital, calculated on a consolidated basis, is equal to or more than 8 per cent. (or such other percentage as the Bank of Italy may, from time to time, require on a consolidated basis) of the aggregate weighted assets to be comprised in the calculation of the consolidated minimum capital requirements of the banking group controlled directly or indirectly by Banca Intesa (such assets being defined, as at 5th August, 2003, in Title IV, Chapter 2, Section III of the Bank Regulations or any provision which amends or replaces such definition).
- (dd) The obligations of Banca Intesa to effect the payment of interest (including Tier III Arrears of Interest and Default Interest (each as defined below)) not paid when due and/or to repay principal not repaid when due, in each case in accordance with Condition 5(b)(iv)(B)(aa), will (subject to, and to the extent provided in, Condition 5(b)(iv)(B)(ee)), be reinstated and will start to accrue in whole and as if the payment obligations of Banca Intesa had never been so suspended (but without prejudice to the subordination provided for in Condition 5(b)(i)):
- (A) in the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*; or
  - (B) in the event that Banca Intesa's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of Banca Intesa, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank Regulations; or

- (C) in the event that, at any time, Banca Intesa shall make any payment of or in respect of amounts of interest or principal or premium on or in relation to any other Tier III issue.
- (ee) Where, following any suspension and deferral pursuant to Condition 5(b)(iv)(B)(aa), the obligation to pay interest (including Tier III Arrears of Interest and Default Interest) and/or to repay principal has been reinstated pursuant to Condition 5(b)(iv)(B)(dd)(B), the obligation will become effective at and will be paid on the first Interest Payment Date (or, if none, on the tenth Business Day) immediately following the date of transmission by the Bank of Italy of a Report (as defined below), according to which Banca Intesa's Total Amount of Regulatory Capital net of amounts to be paid in respect of interest and/or repayment of principal, both on an unconsolidated and consolidated basis, is equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements set forth by the then applicable Bank Regulations.

If the payment of interest and/or the repayment of principal has been suspended pursuant to the provisions of Condition 5(b)(iv)(B)(aa), the reinstatement of the obligation to make payment and/or repayment in respect thereof pursuant to Condition 5(b)(iv)(B)(dd) shall, where there are insufficient amounts pursuant to the foregoing provisions to make full payment in respect thereof, be made in part as such amounts become so available pursuant to the foregoing provisions in the following order:

- (A) payment of any Default Interest (where not paid in full, Default Interest shall be paid in the order in which it accrued);
- (B) payment of any Tier III Arrears of Interest (where not paid in full, Tier III Arrears of Interest shall be paid in the order in which it accrued);
- (C) payment of interest otherwise due; and
- (D) repayment of principal.

All payments to holders of Tier III Subordinated Notes will be made on a *pro rata* basis.

- (ff) If for any reason (including, but not limited to, merger or any other extraordinary transaction) Banca Intesa, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, the percentage referred to in Condition 5(b)(iv)(B)(cc)(A) will be the percentage required by the then applicable Bank Regulations on a unconsolidated basis (as at 5th August, 2003, 8 per cent. instead of 7 per cent.).
- (gg) If for any reason (including, but not limited to, merger or any other extraordinary transaction) Banca Intesa, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, all references in this Condition 5(b)(iii) to parameters referred to consolidated figures of Banca Intesa will be read as reference to parameters calculated on a unconsolidated basis (but without prejudice to the provisions of Condition 5(b)(iii)(ff) above).
- (hh) *Tier III Arrears of Interest and Default Interest*

Any interest that Banca Intesa does not pay when due shall constitute, for the purposes of the Tier III Subordinated Notes, "**Tier III Arrears of Interest**".

Tier III Arrears of Interest not paid by Banca Intesa in accordance with Condition 5(b)(iv) shall not bear interest, whether default interest or otherwise. In all other cases, Tier III Arrears of Interest not paid by Banca Intesa when due for reasons other than those provided for in Condition 5(b)(iv), shall accrue default interest ("**Default Interest**") at the Rate of Interest in accordance with Conditions 8 and 9 as if references therein to the outstanding nominal amount of a Note were references to the Tier III Arrears of Interest in respect thereof.

Such Default Interest will accrue during the entire period from the date of the failure to pay Tier III Arrears of Interest until the date of their full payment.

(ii) In these Terms and Conditions:

“**Report**” means the report that Banca Intesa, under Title IV, Chapter 2, Sections II and III of the Bank Regulations, is required to send semi-annually to the Bank of Italy for purposes of the control of compliance with minimum regulatory capital requirements, on an unconsolidated and consolidated basis, as of 31st December and 30th June of each fiscal year. For the purposes of these Terms and Conditions, neither the quarterly Report which Italian banks are, as at 5th August, 2003, required to send for the sole purposes of the control of compliance with the minimum regulatory capital requirements on an unconsolidated basis as of 31st March and 30th September of each fiscal year, nor any such other reporting which the Bank of Italy may in the future require to be made, will be taken into account.

(jj) The Trustee shall be entitled to rely on any notices or reports from Banca Intesa to the value from time to time of Banca Intesa’s Total Amount of Regulatory Capital without further investigation.

(c) **Status – Subordinated Notes issued by IBOL**

*This Condition 5(c) is applicable only in relation to Notes issued by IBOL and specified in the Pricing Supplement as being Subordinated Notes.*

The Notes constitute unsecured, subordinated obligations of IBOL and rank *pari passu* and rateably without any preference among themselves.

In the event of a winding up or liquidation of IBOL, the payment obligations of IBOL under the Notes will rank in right of payment after all unsubordinated unsecured creditors of IBOL but at least *pari passu* and rateably without any preference among themselves together with all other subordinated obligations of IBOL other than subordinated obligations which rank or are expressed by their terms to rank junior to the Notes and in priority to the shareholders of IBOL.

## 6. Status of Guarantee

(a) **Status – Unsubordinated Guarantee**

*This Condition 6(a) is applicable in relation to Unsubordinated Notes.*

The obligations of the Guarantor under the Guarantee of the Notes constitute direct, general, unconditional and (subject to the provisions described in Condition 7) unsecured obligations of the Guarantor and rank equally (subject to any obligation preferred by any applicable law) with all other unsecured and unsubordinated indebtedness and monetary obligations (including deposits) of the Guarantor (present and future).

(b) **Status – Subordinated Guarantee**

*This Condition 6(b) is applicable in relation to Subordinated Notes guaranteed by Banca Intesa on a subordinated basis.*

The obligations of Banca Intesa under the guarantee in respect of Notes described as Lower Tier II Subordinated Notes and the obligations of Banca Intesa under the guarantee in respect of Notes described as Upper Tier II Subordinated Notes constitute unconditional, unsecured and subordinated obligations of Banca Intesa. The obligations of Banca Intesa under the guarantee in respect of Notes described as Tier III Subordinated Notes constitute subordinated obligations of Banca Intesa, classified, in accordance with Title IV, Chapter 3 of the Bank Regulations in force at 5th August, 2003 as “*Prestiti Subordinati di 3° livello*” and are taken into account for purposes of the calculation of the market risk coverage of Banca Intesa.

(i) **Special provisions relating to a guarantee on a subordinated basis in respect of Notes described as Upper Tier II Subordinated Notes**

In the event of a bankruptcy, dissolution, liquidation or other winding-up of Banca Intesa or IBOL, or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* (within the meaning ascribed to that expression by the Consolidated Banking Act and the other relevant laws of the Republic of Italy (hereinafter in these Conditions referred to a “**Liquidazione Coatta Amministrativa**”)), the payment obligations of IBOL in respect of principal and interest under the Subordinated Notes and Banca Intesa under the Guarantee of the Subordinated Notes will be subordinated to the claims of all Senior Creditors (as defined below) so that all such claims are entitled to be satisfied in full before any payments are made in respect of principal and interest under the Notes or of amounts payable in respect thereof under the Guarantee of the Notes, as the case may be. In a bankruptcy, dissolution, liquidation or other winding-up of Banca Intesa or IBOL, or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of IBOL in respect of principal and interest under the Notes or Banca Intesa under the Guarantee of the Notes will rank *pari passu* with Other Pari Passu Claims (as defined below), and senior to the share capital of IBOL or, as the case may be, Banca Intesa.

For the purposes of this Condition 6(b):

“**Senior Creditors**” means (a) all unsubordinated creditors of Banca Intesa and IBOL; (b) all creditors of Banca Intesa and IBOL whose claims are, or are expressed to be, subordinated to the claims of unsubordinated creditors of Banca Intesa or, as the case may be, IBOL, but not further or otherwise including, for the avoidance of doubt, all claims of existing and future holders of Lower Tier II Capital (“*Passività Subordinate*” within the meaning ascribed to such expression by the Bank Regulations (“*Istruzioni di Vigilanza*”)); and (c) all other creditors of Banca Intesa or IBOL, as the case may be, except the holders of the Notes and the holders of the Coupons and the Trustee in relation to their claims in respect of the Notes, the Coupons and the Guarantee of the Notes and creditors whose claims rank, or are expressed to rank, *pari passu* with or junior to such claims.

“**Other Pari Passu Claims**” means claims of creditors of Banca Intesa or IBOL, as the case may be, which are subordinated so as to rank *pari passu* with the claims of the Noteholders and the Couponholders and the Trustee in respect of the Notes and the Coupons or the Guarantee of the Notes, as the case may be.

(aa) Loss Absorption

To the extent that Banca Intesa at any time suffers losses which, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, would require Banca Intesa to reduce its capital to below the Minimum Capital (as defined herein) (as determined by the Auditors of Banca Intesa and certified to the Trustee in accordance with the Trust Deed):

- (i) the obligations of Banca Intesa in respect of interest and principal as borrower under a certain loan agreement between Banca Intesa and IBOL under which the net proceeds of the Notes are to be on-lent by IBOL to Banca Intesa will be reduced to the extent necessary to enable Banca Intesa to maintain at least the Minimum Capital in accordance with the requirements of law;
- (ii) the obligations of IBOL in respect of interest and principal under the Notes, whether or not matured, will be reduced to the same extent as the reduction of the obligations of Banca Intesa pursuant to paragraph (a); and
- (iii) the obligations of Banca Intesa under the Guarantee of the Notes, whether matured or not, will be reduced to the same extent as the reduction of the obligations of Banca Intesa pursuant to paragraph (a),

each as determined by the Auditors of the Guarantor and, where applicable, the Auditors of IBOL and certified to the Trustee in accordance with the Trust Deed.

The amount by which the obligations of Banca Intesa and IBOL have been reduced in accordance with this Condition will be reinstated whether or not the maturity date of the relevant obligation has occurred under the following circumstances, as determined by the Auditors of Banca Intesa and certified to the Trustee in accordance with the Trust Deed:

- (i) in whole, in the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or IBOL or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* and with effect prior to the commencement of such bankruptcy, dissolution, liquidation or winding-up or order for *Liquidazione Coatta Amministrativa* as if such obligations of Banca Intesa and IBOL were not so reduced in accordance with this Condition; and
- (ii) in whole or in part, from time to time, to the extent that Banca Intesa, by reason of its having profits, or by reason of it obtaining new capital contributions, or by reason of the occurrence of any other event, would again have at least the Minimum Capital and would not be required, in accordance with Articles 2446 and 2447 of the Italian Civil Code, or otherwise in accordance with the provisions of Italian laws and regulations, to reduce its capital to below the Minimum Capital.

As further provided in Condition 6(b)(cc)(ii)(A), in the event of any distribution to the holders of any class of shares of Banca Intesa being approved or made prior to the full reinstatement of the obligations of Banca Intesa in respect of the Notes pursuant to this Condition or the Trust Deed, such obligations shall be reinstated in full whether or not the maturity date of the relevant obligation has occurred forthwith upon such distribution being approved or made.

As further provided in Condition 6(b)(cc)(i), in the event of Banca Intesa or IBOL making or proposing to make any payment of or in respect of amounts of interest or principal or premium or in relation to any Other Pari Passu Claims prior to the full reinstatement of the obligations of IBOL in respect of the Notes and of Banca Intesa under the Guarantee of the Notes pursuant to this Condition or the Trust Deed, the obligations of IBOL in respect of the Notes and of Banca Intesa under the Guarantee shall be reinstated to the extent that Banca Intesa is able to make payment thereof pari passu and *pro rata* with the payments on or in relation to such Other Pari Passu Claims whether or not the maturity date of the relevant obligations has occurred.

The Trustee shall be entitled to rely on certificates of the Auditors of Banca Intesa without further investigation.

(bb) *Arrears of Interest*

On any Optional Interest Payment Date (as defined in Condition 5(b)(iii)(ff) above) there may be paid (if IBOL so elects but subject to Condition 6(b)(i)) the interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date, but (except as provided in Condition 6(b)(cc)) IBOL shall not have any obligation to make such payment and any failure to pay shall not constitute a default by IBOL for any purpose.

Any interest in respect of the Notes not paid on an Optional Interest Payment Date, together with any other interest in respect thereof not paid on any other Interest Payment Date, shall, so long as the same remains unpaid, constitute “**Arrears of Interest**”.

For the avoidance of doubt, during any period when there are Arrears of Interest due to the Noteholders, the Notes shall continue to accrue interest at the relevant Rate of Interest on their original principal amount.

In addition, each amount of Arrears of Interest shall itself bear interest as if it were principal of the Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Notes in respect of any Interest Period, and the amount of such interest (the “**Additional Interest Amount**”) with respect to each amount of Arrears of Interest shall become due and payable pursuant to paragraph (cc) below and shall be calculated by the Principal Paying Agent by applying the Rate of Interest to the amount of the Arrears of



Interest and otherwise *mutatis mutandis* as provided in this Condition 6. The Additional Interest Amount accrued up to any Interest Payment Date shall be added to the amount of Arrears of Interest remaining unpaid on such Interest Payment Date so that it will itself become Arrears of Interest. Arrears of Interest (together with corresponding Additional Interest Amount) shall be payable in accordance with Condition 13.

(cc) *Payment of Arrears of Interest*

Arrears of Interest (together with the corresponding Additional Interest Amount) may at the option of IBOL be paid in whole or in part at any time except that:

- (i) if at any time Banca Intesa or IBOL shall make any payment of or in respect of amounts of interest or principal or premium on or in relation to any Other Pari Passu Claims, Arrears of Interest (together with the corresponding Additional Interest Amount) shall become due and payable on the next Interest Payment Date (or, if none, the tenth Business Day) immediately following such payment of or in respect of amounts of interest or principal or premium on or in relation to Other Pari Passu Claims (as provided in Condition 6(b)(i)) *pari passu* and *pro rata* with any other payments of or in respect of interest on or in relation to any Other Pari Passu Claims to the extent that Banca Intesa or, as the case may be, IBOL has funds available to pay such amount; and
- (ii) all Arrears of Interest (together with the corresponding Additional Interest Amount) in respect of all Notes for the time being outstanding shall become due and payable (as provided in Condition 6(b)(i)) on whichever is the earliest of:
  - (A) the Interest Payment Date immediately following the date upon which a distribution to the holders of any class of shares of Banca Intesa is approved or paid;
  - (B) the date on which the Notes are to be repaid pursuant to any provision of Condition 12; and
  - (C) the commencement of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*.

If notice is given by IBOL of its intention to pay the whole or any part of Arrears of Interest, IBOL shall (subject to Condition 6(b)(i)) be obliged to do so (together with the corresponding Additional Interest Amount) upon the expiration of such notice.

(dd) *Notice of Interest Deferral, Payment of Arrears of Interest and Loss Absorption*

IBOL shall give not more than 25 nor less than 15 days' prior notice to the Trustee, the Paying Agents, and to the Noteholders in accordance with Condition 21:

- (i) of any Optional Interest Payment Date on which, pursuant to the provisions of Condition 6(b)(i)(bb) above, interest will not be paid;
- (ii) of any date upon which amounts in respect of Arrears of Interest and/or Additional Interest Amounts shall become due and payable;
- (iii) of (1) the amount of principal and of sums which would otherwise be payable as interest in respect of the Notes which are to be applied to meet the losses of Banca Intesa pursuant to Condition 6(b)(i)(aa), (2) the date of such application and (3) details of the nature of such losses; and
- (iv) of (1) the amount of principal and of sums which would otherwise have been payable as interest in respect of the Notes and which, having been applied to meet the losses of Banca Intesa pursuant to Condition 6(b)(i)(aa), are to be reinstated as provided herein, (2) the date of such reinstatement and the date on which the relevant amount shall



become due and payable in accordance with these conditions and (3) details of the event giving rise to such reinstatement.

The information contained in any notice given in accordance with this paragraph (dd) will be available at the specified office of the Principal Paying Agent from the date of the relevant notice.

(ee) *Partial Payment of Arrears of Interest*

If amounts in respect of Arrears of Interest and Additional Interest Amounts become payable:

- (i) all unpaid amounts of Arrears of Interest shall be payable before any Additional Interest Amounts;
- (ii) Arrears of Interest accrued for any period shall not be payable until full payment has been made of all Arrears of Interest that have accrued during any earlier period and the order of payment of Additional Interest Amounts shall follow that of the Arrears of Interest to which they relate; and
- (iii) the amount of Arrears of Interest or Additional Interest Amounts payable in respect of any Note shall be *pro rata* to the total amount of all unpaid Arrears of Interest or, as the case may be, Additional Interest Amounts accrued to the date of payment.

(ff) *Definitions*

For the purposes of this Condition 6(b)(i):

- (i) the term “**interest**” includes, unless the context requires otherwise, Arrears of Interest and Additional Interest Amounts; and
  - (ii) “**Optional Interest Payment Date**” means any Interest Payment Date in respect of which:
    - (A) no annual dividend has been approved by the shareholders of Banca Intesa or paid in respect of any class of shares of Banca Intesa during the twelve month period ending on the date immediately preceding such Interest Payment Date; or
    - (B) the board of directors of Banca Intesa has announced at the time of publication of any interim accounts (the “**Interim Accounts**”, which expression includes the semi-annual accounts and any other interim accounts that, according to Italian law applicable at that time, entitle Banca Intesa to make distributions of interim dividends) of Banca Intesa published during the two Interest Periods immediately preceding such Interest Payment Date that, based on such Interim Accounts, no sums are available at such time in accordance with Italian law for the payment of interim dividends.
- (ii) ***Special provisions relating to a guarantee on a subordinated basis in respect of Tier III Subordinated Notes – Lock-in Clause***

In the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa* (as defined in Legislative Decree of 1st September, 1993 no. 385 of the Republic of Italy as amended (the “**Italian Banking Act**”)), the payment obligations of IBOL in respect of principal and interest under the Subordinated Notes and Banca Intesa under the Subordinated Guarantee of the Notes will be subordinated to the claim of all unsubordinated creditors of Banca Intesa and IBOL and of all creditors holding instruments which are less subordinated than the Notes. Tier III Pari Passu Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Notes and the beneficiaries under the Subordinated Guarantee of the Notes, without any preference or priority. Tier III Junior Creditors (as defined below) rank after the Notes and the beneficiaries under the Subordinated Guarantee of the Notes in a bankruptcy, liquidation or winding-up of Banca

Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*.

“**Tier III Pari Passu Creditors**” means the creditors of Banca Intesa or, as the case may be, IBOL holding notes, securities, similar instruments or other negotiable rights having the same degree of subordination as the Notes, including, but not limited to, creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the applicable Bank Regulations, as “*Passività Subordinate*” (“**Subordinated Liabilities**”).

“**Tier III Junior Creditors**” means the creditors of Banca Intesa, or as the case may be, IBOL holding notes, securities, similar instruments or other negotiable rights ranking more subordinated than the Notes (including, but not limited to, subordinated creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the current Bank Regulations, as “*Strumenti Ibridi di Patrimonializzazione*” (“**Upper Tier 2 Capital**”) or that otherwise are expressed to rank subordinated to the Notes or to securities more subordinated than the Notes).

(aa) The payment of the sums due with respect to interest and/or principal on Tier III Subordinated Notes and under the guarantee in respect thereof will be entirely suspended and deferred, and any such suspension and deferral to pay shall not constitute a default of IBOL under the Notes and the Trust Deed or of Banca Intesa under the Trust Deed if, at the time any such payment becomes due:

(A) Banca Intesa’s Total Amount of Regulatory Capital (as defined below) is, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of Banca Intesa, as provided by the then applicable Bank Regulations, on a consolidated or unconsolidated basis; or

(B) upon payment of interest and/or repayment of principal under the Tier III Subordinated Notes or under the guarantee in respect thereof, Banca Intesa’s Total Amount of Regulatory Capital would become, on a consolidated or unconsolidated basis, less than the aggregate minimum credit risk (*rischio creditizio*) capital requirements of Banca Intesa, as provided by the then applicable Bank Regulations, on a consolidated or unconsolidated basis.

(bb) “**Banca Intesa’s Total Amount of Regulatory Capital**” has the meaning given to it in Condition 5.

(cc) For the purposes of the Tier III Subordinated Notes, Banca Intesa’s Total Amount of Regulatory Capital is deemed to be equal to or more than the minimum credit risk (*rischio creditizio*) capital requirements of Banca Intesa as required by the then applicable Bank Regulations, when:

(A) Banca Intesa’s Total Amount of Regulatory Capital, calculated on an unconsolidated basis, is equal to or more than the 7 per cent. (or such other percentage as may be, from time to time, set forth, on an unconsolidated basis, by the Bank of Italy) of the aggregate weighted assets to be comprised in the calculation, on an unconsolidated basis, of the minimum capital requirements of Banca Intesa (such assets being defined, as at 5th August, 2003, in Title IV, Chapter 2, Section II of the Bank Regulations or any provision which amends or replaces such definition); and

(B) Banca Intesa’s Total Amount of Regulatory Capital, calculated on a consolidated basis, is equal to or more than 8 per cent. (or such other percentage as the Bank of Italy may, from time to time, require on a consolidated basis) of the aggregate weighted assets to be comprised in the calculation of the consolidated minimum capital requirements of the banking group controlled directly or indirectly by Banca Intesa (such assets being defined, as at 5th August, 2003, in Title IV, Chapter 2, Section III of the Bank Regulations or any provision which amends or replaces such definition).

- (dd) The obligations of Banca Intesa to effect the payment of interest (including Tier III Arrears of Interest and Default Interest (each as defined below)) not paid when due and/or to repay principal not repaid when due, in each case in accordance with Condition 6(b)(ii), will (subject to, and to the extent provided in, paragraph (ee)), be reinstated and will start to accrue in whole and as if the payment obligations of Banca Intesa had never been so suspended (but without prejudice to the subordination provided for in Condition 6(b)(ii));
- (A) in the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*; or
- (B) in the event that Banca Intesa's Total Amount of Regulatory Capital after the payment of interest and/or repayment of principal is, both on an unconsolidated and on a consolidated basis, equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements of Banca Intesa, both on an unconsolidated and consolidated basis, as respectively required by the then applicable Bank Regulations; or
- (C) in the event that, at any time, Banca Intesa shall make any payment of or in respect of amounts of interest or principal or premium on or in relation to any other Tier III issue.
- (ee) Where, following any suspension and deferral pursuant to Condition 6(b)(ii)(aa), the obligation to pay interest (including Tier III Arrears of Interest and Default Interest) and/or to repay principal has been reinstated pursuant to Condition 6(b)(ii)(dd)(B), the obligation will become effective at and will be paid on the first Interest Payment Date (or, if none, on the tenth Business Day) immediately following the date of transmission by the Bank of Italy of a Report (as defined below), according to which Banca Intesa's Total Amount of Regulatory Capital net of amounts to be paid in respect of interest and/or repayment of principal, both on an unconsolidated and consolidated basis, is equal to or more than the minimum aggregate credit risk (*rischio creditizio*) capital requirements set forth by the then applicable Bank Regulations.

If the payment of interest and/or the repayment of principal has been suspended pursuant to the provisions of Condition 6(b)(ii)(aa), the reinstatement of the obligation to make payment and/or repayment in respect thereof pursuant to Condition 6(b)(ii)(dd) shall, where there are insufficient amounts pursuant to the foregoing provisions to make full payment in respect thereof, be made in part as such amounts become so available pursuant to the foregoing provisions in the following order:

- (A) payment of any Default Interest (where not paid in full, Default Interest shall be paid in the order in which it accrued);
- (B) payment of any Tier III Arrears of Interest (where not paid in full, Tier III Arrears of Interest shall be paid in the order in which it accrued);
- (C) payment of interest otherwise due; and
- (D) repayment of principal.

All payments to holders of Tier III Subordinated Notes will be made on a *pro rata* basis.

- (ff) If for any reason (including, but not limited to, merger or any other extraordinary transaction) Banca Intesa, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, the percentage referred to in Condition 6(b)(iii)(cc) will be the percentage required by the then applicable Bank Regulations on a unconsolidated basis (as at 5th August, 2003, 8 per cent. instead of 7 per cent.).
- (gg) If for any reason (including, but not limited to, merger or any other extraordinary transaction) Banca Intesa, in accordance with any applicable laws and regulations, ceases to be a member of a banking group, all references in this Condition 5(b)(iii) to parameters referred to consolidated figures of Banca Intesa will be read as reference to parameters calculated on a unconsolidated basis (but without prejudice to the provisions of Condition 5(b)(iii)(ff) above).

(hh) *Tier III Arrears of Interest and Default Interest*

Any interest that Banca Intesa does not pay when due shall constitute, for the purposes of the Tier III Subordinated Notes, “**Tier III Arrears of Interest**”.

Tier III Arrears of Interest not paid by Banca Intesa in accordance with Condition 5(b)(iii) shall not bear interest, whether default interest or otherwise. In all other cases, Tier III Arrears of Interest not paid by Banca Intesa when due for reasons other than those provided for in Condition 5(b)(iii), shall accrue default interest (“**Default Interest**”) at the Rate of Interest in accordance with Conditions 8 and 9 as if references therein to the outstanding nominal amount of a Note were references to the Tier III Arrears of Interest in respect thereof.

Such Default Interest will accrue during the entire period from the date of the failure to pay Tier III Arrears of Interest until the date of their full payment.

(ii) In these Terms and Conditions:

“**Report**” means the report that Banca Intesa, under Title IV, Chapter 2, Sections II and III of the Bank Regulations, is required to send semi-annually to the Bank of Italy for purposes of the control of compliance with minimum regulatory capital requirements, on an unconsolidated and consolidated basis, as of 31st December and 30th June of each fiscal year. For the purposes of these Terms and Conditions, neither the quarterly Report which Italian banks are, as at 5th August, 2003, required to send for the sole purposes of the control of compliance with the minimum regulatory capital requirements on an unconsolidated basis as of 31st March and 30th September of each fiscal year, nor any such other reporting which the Bank of Italy may in the future require to be made, will be taken into account.

(jj) The Trustee shall be entitled to rely on any notices or reports from Banca Intesa to the value from time to time of Banca Intesa’s Total Amount of Regulatory Capital without further investigation.

(iii) ***Special provisions relating to a guarantee on a subordinated basis in respect of Notes described as Lower Tier II Subordinated Notes***

In the event of a bankruptcy, dissolution, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*, the payment obligations of IBOL in respect of principal and interest under the Subordinated Notes and Banca Intesa under the Guarantee of the Subordinated Notes will be repaid only after the satisfaction of all unsubordinated creditors of Banca Intesa and IBOL and of all creditors holding instruments which are less subordinated than the Lower Tier II Subordinated Notes. Lower Tier II Pari Passu Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Lower Tier II Subordinated Notes and the beneficiaries under the Subordinated Guarantee of the Lower Tier II Subordinated Notes, without any preference or priority. Lower Tier II Junior Creditors (as defined below) rank after the Lower Tier II Subordinated Notes and the beneficiaries under the Subordinated Guarantee of the Lower Tier II Subordinated Notes in a bankruptcy, liquidation or winding-up of Banca Intesa or in the event that Banca Intesa becomes subject to an order for *Liquidazione Coatta Amministrativa*.

“**Lower Tier II Pari Passu Creditors**” means the creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights having the same degree of subordination as the Lower Tier II Subordinated Notes, including, but not limited to, creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the applicable Bank Regulations, as “*Prestiti Subordinati di 3° livello*” (the “**Tier III Subordinated Notes**”).

“**Lower Tier II Junior Creditors**” means the creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights ranking more subordinated than the Lower Tier II Subordinated Notes (including, but not limited to, subordinated creditors of Banca Intesa holding notes, securities, similar instruments or other negotiable rights classified, in accordance with the current Bank Regulations, as “*Strumenti Ibridi di Patrimonializzazione*” or that otherwise are

expressed to rank subordinated to the Lower Tier II Subordinated Notes or to securities more subordinated than the Lower Tier II Subordinated Notes).

## **7. Negative Pledge**

*This Condition 7 is applicable only to Unsubordinated Notes.*

The Issuer and (where applicable) the Guarantor will not, so long as any of the Notes remains outstanding, create or permit to subsist (other than by operation of law) any Security Interest upon the whole or any part of its undertakings, assets or revenues, present or future, to secure any External Indebtedness or any guarantee of or indemnity in respect of any External Indebtedness unless:

- (a) the same Security Interest shall forthwith be extended equally and rateably to the Notes to the satisfaction of the Trustee; or
- (b) such other Security Interest is provided as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders;

PROVIDED THAT nothing in this Condition 7 shall prevent the Issuer and (if applicable) the Guarantor from:

- (i) creating or permitting to subsist (a) any Security Interest upon, or with respect to, any of its present or future assets or revenues or any part thereof which is created pursuant to any securitisation, asset backed financing or like arrangement and whereby all payment obligations in respect of the External Indebtedness or any guarantee of or indemnity in respect of the External Indebtedness, as the case may be, secured by such Security Interest or having the benefit of such secured guarantee or other indemnity, are to be discharged solely from such assets or revenues; or
- (ii) permitting to subsist any Security Interest upon or with respect to any assets or revenues which are acquired by the Issuer or (where applicable) the Guarantor subsequent to the date of issue of the first Tranche of the relevant Notes as a consequence of the merger of any entity into or with the Issuer or (where applicable) the Guarantor and which Security Interest is in existence at the time of such acquisition provided that such Security Interest was not created in contemplation of such acquisition or such merger and the principal amount secured at the time of such acquisition is not subsequently increased.

## **8. Fixed Rate Note Provisions**

- (a) *Application:* This Condition 8 (*Fixed Rate Note Provisions*) is applicable to the Notes only if the Fixed Rate Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Accrual of interest:* The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition 8 (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).
- (c) *Fixed Coupon Amount:* The amount of interest payable in respect of each Note for any Interest Period shall be the relevant Fixed Coupon Amount and, if the Notes are in more than one Specified Denomination, shall be the relevant Fixed Coupon Amount in respect of the relevant Specified Denomination.



- (d) *Regular Interest Periods*: If all of the Interest Payment Dates fall at regular intervals between the Issue Date and the Maturity Date, then:
- (i) the Notes shall for the purposes of this Condition 8 be “**Regular Interest Period Notes**”;
  - (ii) the day and month (but not the year) on which any Interest Payment Date falls shall for the purposes of this Condition 8 be a “**Regular Date**”; and
  - (iii) each period from and including a Regular Date falling in any year to but excluding the next succeeding Regular Date shall for the purposes of this Condition 8 be a “**Regular Period**”.
- (e) *Irregular first or last Interest Periods*: If the Notes would be Regular Interest Period Notes but for the fact that either or both of:
- (i) the interval between the Issue Date and the first Interest Payment Date; and
  - (ii) the interval between the Maturity Date and the immediately preceding Interest Payment Date, is longer or shorter than a Regular Period, then the Notes shall nevertheless be deemed to be Regular Interest Period Notes *provided, however, that* if the interval between the Maturity Date and the immediately preceding Interest Payment Date is longer or shorter than a Regular Period, the day and month on which the Maturity Date falls shall not be a “Regular Date”.
- (f) *Irregular interest amount*: If the Notes are Regular Interest Period Notes, the amount of interest payable in respect of each Note for any period which is not a Regular Period shall be calculated by applying the Rate of Interest to the principal amount of such Note, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest sub-unit of the Specified Currency (half a sub-unit being rounded upwards). For this purpose a “**sub-unit**” means, in the case of any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, in the case of euro, means one cent.
- (g) *Day Count Fraction*: In respect of any period which is not a Regular Period the relevant day count fraction (the “**Day Count Fraction**”) shall be determined in accordance with the following provisions:
- (i) if the Day Count Fraction is specified in the relevant Pricing Supplement as being 30/360, the relevant Day Count Fraction will be the number of days in the relevant period (calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and, in the case of an incomplete month, the actual number of days elapsed) divided by 360;
  - (ii) if the Day Count Fraction is specified in the relevant Pricing Supplement as being Actual/Actual (Bond) and the relevant period falls during a Regular Period, the relevant Day Count Fraction will be the number of days in the relevant period divided by the product of (A) the number of days in the Regular Period in which the relevant period falls and (B) the number of Regular Periods in any period of one year; and
  - (iii) if the Day Count Fraction is specified in the relevant Pricing Supplement as being Actual/Actual (Bond) and the relevant period begins in one Regular Period and ends in the next succeeding Regular Period, interest will be calculated on the basis of the sum of:
    - (A) the number of days in the relevant period falling within the first such Regular Period divided by the product of (1) the number of days in the first such Regular Period and (2) the number of Regular Periods in any period of one year; and
    - (B) the number of days in the relevant period falling within the second such Regular Period divided by the product of (1) the number of days in the second such Regular Period and (2) the number of Regular Periods in any period of one year.
- (h) *Number of days*: For the purposes of this Condition 8, unless the Day Count Fraction is specified in the relevant Pricing Supplement as being 30/360 (in which case the provisions of paragraph (g)(i) above shall apply), the number of days in any period shall be calculated on the basis of actual



calendar days from and including the first day of the relevant period to but excluding the last day of the relevant period.

- (i) *Irregular Interest Periods*: If the Notes are not Regular Interest Period Notes and interest is required to be calculated for any period other than an Interest Period, interest shall be calculated on such basis as is described in the relevant Pricing Supplement.

## **9. Floating Rate Note and Index-Linked Interest Note Provisions**

- (a) *Application*: This Condition 9 (*Floating Rate Note and Index-Linked Interest Note Provisions*) is applicable to the Notes only if the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable.

- (b) *Accrual of interest*: The Notes bear interest from, and including, the Interest Commencement Date at the Rate of Interest payable in arrear on each Interest Payment Date, subject as provided in Condition 13 (*Payments*). Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of the Redemption Amount is improperly withheld or refused, in which case it will continue to bear interest in accordance with this Condition (as well after as before judgment) until whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

- (c) *Screen Rate Determination*: If Screen Rate Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be determined by the Calculation Agent on the following basis:

- (i) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Calculation Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (ii) in any other case, the Calculation Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;

- (iii) if, in the case of (i) above, such rate does not appear on that page or, in the case of (ii) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Calculation Agent will:

- (A) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and

- (B) determine the arithmetic mean of such quotations; and

- (iv) if fewer than two such quotations are provided as requested, the Calculation Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Calculation Agent) quoted by major banks in the Principal Financial Centre of the Specified Currency, selected by the Calculation Agent, at approximately 11.00 a.m. (local time in the Principal Financial Centre of the Specified Currency) on the first day of the relevant Interest Period for deposits in the Specified Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Rate of Interest for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; provided, however, that if the Calculation

Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Rate of Interest applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or, as the case may be, the arithmetic mean last determined in relation to the Notes in respect of the immediately preceding Interest Period for which such rate or arithmetic mean was determined.

- (d) *ISDA Determination*: If ISDA Determination is specified in the relevant Pricing Supplement as the manner in which the Rate(s) of Interest is/are to be determined, the Rate of Interest applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where “ISDA Rate” in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Calculation Agent under an interest rate swap transaction if the Calculation Agent were acting as Calculation Agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:
- (i) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Pricing Supplement;
  - (ii) the Designated Maturity (as defined in the ISDA Definitions) is a period specified in the relevant Pricing Supplement; and
  - (iii) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London inter-bank offered rate (LIBOR) or on the Euro-zone inter-bank offered rate (EURIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Pricing Supplement.
- (e) *Index-Linked Interest*: If the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable, the Rate(s) of Interest applicable to the Notes for each Interest Period will be determined in the manner specified in the relevant Pricing Supplement.
- (f) *Maximum or Minimum Rate of Interest*: If any Maximum Rate of Interest or Minimum Rate of Interest is specified in the relevant Pricing Supplement, then the Rate of Interest shall in no event be greater than the maximum or be less than the minimum so specified.
- (g) *Calculation of Interest Amount*: The Calculation Agent will, as soon as practicable after the time at which the Rate of Interest is to be determined in relation to each Interest Period, calculate the Interest Amount payable in respect of each Note for such Interest Period. The Interest Amount will be calculated by applying the Rate of Interest for such Interest Period to the principal amount of such Note during such Interest Period and multiplying the product by the relevant Day Count Fraction.
- (h) *Calculation of other amounts*: If the relevant Pricing Supplement specifies that any other amount is to be calculated by the Calculation Agent, the Calculation Agent will, as soon as practicable after the time or times at which any such amount is to be determined, calculate the relevant amount. The relevant amount will be calculated by the Calculation Agent in the manner specified in the relevant Pricing Supplement.
- (i) *Publication*: The Calculation Agent will cause each Rate of Interest and Interest Amount determined by it, together with the relevant Interest Payment Date, and any other amount(s) required to be determined by it together with any relevant payment date(s) to be notified to the Issuer, the Guarantor (where applicable), the Trustee, the Paying Agents and each stock exchange (if any) on which the Notes are then listed as soon as practicable after such determination but (in the case of each Rate of Interest, Interest Amount and Interest Payment Date) in any event not later than the first day of the relevant Interest Period. Notice thereof shall also promptly be given to the Noteholders in accordance with Condition 21. The Calculation Agent will be entitled to recalculate any Interest Amount (on the basis of the foregoing provisions) without notice in the event of an extension or shortening of the relevant Interest Period.
- (j) *Notifications etc*: All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition by the

Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Guarantor (where applicable), the Trustee, the Paying Agents, the Noteholders and the Couponholders and (subject as aforesaid) no liability to any such person will attach to the Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

- (k) *Determination or Calculation by Trustee:* If the Calculation Agent fails at any time to determine a Rate of Interest or to calculate an Interest Amount, the Trustee will make such determination or calculation which shall be deemed to have been made by the Calculation Agent. In doing so, the Trustee shall apply all of the provisions of these conditions with any necessary consequential amendments to the extent that, in its sole opinion and with absolute discretion, it can do so and in all other respects it shall do so in such manner as it shall deem fair and reasonable in all the circumstances and will not be liable for any loss, liability, cost, charge or expense which may arise as a result thereof. Any such determination or calculation made by the Trustee shall be binding on the Issuer, the Guarantor (where applicable), the Noteholders and the Couponholders.

## 10. Zero Coupon Note Provisions

- (a) *Application:* This Condition 10 (*Zero Coupon Note Provisions*) is applicable to the Notes only if the Zero Coupon Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Late payment on Zero Coupon Notes:* If the Redemption Amount payable in respect of any Zero Coupon Note is improperly withheld or refused, the Redemption Amount shall thereafter be an amount equal to the sum of:
- (i) the Reference Price; and
  - (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) whichever is the earlier of (i) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (ii) the day which is seven days after the Principal Paying Agent or, as the case may be, the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

## 11. Dual Currency Note Provisions

- (a) *Application:* This Condition 11 (*Dual Currency Note Provisions*) is applicable to the Notes only if the Dual Currency Note Provisions are specified in the relevant Pricing Supplement as being applicable.
- (b) *Rate of Interest:* If the rate or amount of interest falls to be determined by reference to an exchange rate, the rate or amount of interest payable shall be determined in the manner specified in the relevant Pricing Supplement.

## 12. Redemption and Purchase

- (a) *Scheduled redemption:* Unless previously redeemed, or purchased and cancelled, the Notes will (subject as mentioned below with respect to Upper Tier II Subordinated Notes and Tier III Subordinated Notes) be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 13 (*Payments*).

**The redemption of Lower Tier II Subordinated Notes and Upper Tier II Subordinated Notes shall always be subject to the prior approval of the Bank of Italy, such approval being dependent on the Issuer maintaining the minimum capital requirements (*patrimonio di vigilanza*) as prescribed in Title IV, Chapter I of the Bank Regulations in force at 5th August, 2003 immediately following redemption of the Upper Tier II Subordinated Notes. If such approval is not given on or prior to the Maturity Date or early redemption date pursuant to the provisions of this Condition, the Issuer will re-apply to the Bank of Italy for its consent**

**to such redemption forthwith upon its having again, by whatever means, such required minimum capital and shall promptly notify the Noteholders in accordance with Condition 21. The Issuer will use its best endeavours to maintain such required minimum capital and to obtain such approval. Amounts that would otherwise be payable on the Maturity Date will continue to bear interest as provided in Conditions 8(b) and 9(b).**

**The redemption of Tier III Subordinated Notes will be subject to the satisfaction of the conditions set out in Condition 5(b)(iv).**

- (b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part (but subject to the prior approval of the Bank of Italy in the case of Subordinated Notes):
- (i) at any time (if neither the Floating Rate Note Provisions, the Dual Currency Note Provisions, or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable); or
  - (ii) on any Interest Payment Date (if the Floating Rate Note Provisions, the Dual Currency Note Provisions, or the Index-Linked Interest Note Provisions are specified in the relevant Pricing Supplement as being applicable),

on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (Tax), together with interest accrued (if any) to the date fixed for redemption, if:

- (A) (1) the Issuer satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or will become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy, in the case of Banca Intesa, or the Cayman Islands, in the case of IBOL or Ireland, in the case of IBI, or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or
- (B) (1) the Guarantor (where applicable) satisfies the Trustee immediately prior to the giving of the notice by the Issuer referred to above that it has or (if a demand were made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 14 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of the Republic of Italy or any political subdivision or any authority or agency thereof or therein, or any change in the application or interpretation or administration of such laws or regulations, which change or amendment becomes effective on or after the date of issue of the first Tranche of the Notes; and (2) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it.

At least 15 days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two duly authorised officers of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred (and such evidence shall be sufficient to the Trustee and conclusive and binding on the Noteholders). Upon the expiry of any such notice as is referred to in this Condition 12(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 12(b).

- (c) *Redemption at the option of the Issuer:* If the Call Option is specified in the relevant Pricing Supplement as being applicable, the Notes may be redeemed at the option of the Issuer in whole or, if so specified in the relevant Pricing Supplement, in part (subject to the prior approval of the Bank of Italy, in the case of Subordinated Notes) on any Optional Redemption Date (Call) at the relevant Optional Redemption Amount (Call) on the Issuer giving not less than 15 nor more than 30 days' notice to the Noteholders (which notice shall be irrevocable and shall oblige the Issuer to

redeem the Notes or, as the case may be, the Notes specified in such notice on the relevant Optional Redemption Date (Call) at the Optional Redemption Amount (Call) plus accrued interest (if any) to such date).

(d) *Partial redemption:*

(i) Partial redemption of Bearer Notes:

If Bearer Notes are to be redeemed in part only on any date in accordance with Condition 12(c) (*Redemption at the option of the Issuer*), the Notes to be redeemed shall be selected by the drawing of lots in such place as the Trustee approves and in such manner as the Trustee considers appropriate, subject to compliance with applicable law and the rules of each stock exchange on which the Notes are then listed, and the notice to Noteholders referred to in Condition 12(c) (*Redemption at the option of the Issuer*) shall specify the serial numbers of the Notes so to be redeemed. If any Maximum Redemption Amount or Minimum Redemption Amount is specified in the relevant Pricing Supplement, then the Optional Redemption Amount (Call) shall in no event be greater than the maximum or be less than the minimum so specified.

(ii) *Partial Redemption of Registered Notes:*

If Registered Notes are to be redeemed in part only on any date in accordance with Condition 12(c) (*Redemption at the option of the Issuer*), each Registered Note shall be redeemed in part in the proportion which the aggregate principal amount of the outstanding Registered Notes to be redeemed on the relevant Option Redemption Date (Call) bears to the aggregate principal amount of outstanding Registered Notes on such date.

(e) *Redemption at the option of Noteholders:*

*This provision is not applicable to Subordinated Notes.*

If the Put Option is specified in the relevant Pricing Supplement as being applicable, the Issuer shall, at the option of the Holder of any Note, redeem such Note on the Optional Redemption Date (Put) specified in the relevant Put Option Notice at the relevant Optional Redemption Amount (Put) together with interest (if any) accrued to such date. In order to exercise the option contained in this Condition 12(e), the Holder of a Note must, not less than 30 nor more than 60 days before the relevant Optional Redemption Date (Put), deposit with any Agent such Note together, in the case of Bearer Notes, with all unmatured Coupons relating thereto and a duly completed Put Option Notice in the form obtainable from any Agent. The Agent with which a Note is so deposited shall immediately notify the Issuer and shall deliver a duly completed Put Option Receipt to the depositing Holder. No Note, once deposited with a duly completed Put Option Notice in accordance with this Condition 12(e), may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date (Put), any such Note becomes immediately due and payable or, upon due presentation of any such Note on the relevant Optional Redemption Date (Put), payment of the redemption moneys is improperly withheld or refused, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition 12(e), the depositor of such Note and not such Agent shall be deemed to be the holder of Note for all purposes.

(f) *No other redemption:* The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) to (e) above.

(g) *Early redemption of Zero Coupon Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Redemption Amount payable on redemption of a Zero Coupon Note at any time before the Maturity Date shall be an amount equal to the sum of:

(i) the Reference Price; and



- (ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date to (but excluding) the date fixed for redemption or (as the case may be) the date upon which the Note becomes due and payable.

Where such calculation is to be made for a period which is not a whole number of years, the calculation in respect of the period of less than a full year shall be made on the basis of such Day Count Fraction as may be specified in the Pricing Supplement for the purposes of this Condition 12(g) or, if none is so specified, a Day Count Fraction of Actual/Actual (or 30/360 if such request is made to and accepted by the respective Issuer).

- (h) *Purchase*: The Issuer and the Guarantor (where applicable) may at any time purchase Notes in the open market or otherwise and at any price, provided that all unmatured Coupons are purchased therewith. Such Notes may be held, resold or, at the option of the purchaser, surrendered to any Paying Agent for cancellation. Any purchase by the Issuer or Guarantor of Subordinated Notes is subject to the provisions of the Bank of Italy.
- (i) *Cancellation*: All Notes so redeemed by the Issuer or the Guarantor (where applicable) and any unmatured Coupons attached to or surrendered with them shall be cancelled and may not be reissued or resold.

### 13. Payments

#### *Payments under Bearer Notes*

- (a) *Principal*: Payments of principal shall be made only against presentation and (provided that payment is made in full) surrender of Bearer Notes at the Specified Office of any Paying Agent outside the United States by cheque drawn in the currency in which the payment is due on, or by transfer to an account denominated in that currency (or, if that currency is euro, any other account to which euro may be credited or transferred) and maintained by the payee with, a bank in the Principal Financial Centre of that currency.
- (b) *Interest*: Payments of interest shall, subject to paragraph (h) below, be made only against presentation and (provided that payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) above.
- (c) *Payments in New York City*: Payments of principal or interest may be made at the Specified Office of a Paying Agent in New York City if (i) the Issuer and (where applicable) the Guarantor have appointed Paying Agents outside the United States with the reasonable expectation that such Paying Agents will be able to make payment of the full amount of the interest on the Bearer Notes in the currency in which the payment is due when due, (ii) payment of the full amount of such interest at the offices of all such Paying Agents is illegal or effectively precluded by exchange controls or other similar restrictions and (iii) payment is permitted by applicable United States law.
- (d) *Payments subject to fiscal laws*: All payments in respect of the Bearer Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.
- (e) *Deductions for unmatured Coupons*: If the relevant Pricing Supplement specifies that the Fixed Rate Note Provisions are applicable and a Bearer Note is presented for payment on redemption without all unmatured Coupons relating thereto:
  - (i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;



- (ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment such missing Coupons shall become void.

Each sum of principal deducted pursuant to (i) above shall be paid in the manner provided in paragraph (a) above against presentation and (provided that payment is made in full) surrender of the relevant missing Coupons.

- (f) *Unmatured Coupons void*: If the relevant Pricing Supplement specifies that the Floating Rate Note Provisions or the Index-Linked Interest Note Provisions are applicable, on the due date for final redemption of any Note or early redemption of such Note pursuant to Condition 12(b) (*Redemption for tax reasons*), Condition 12(e) (*Redemption at the option of Noteholders*), Condition 12(c) (*Redemption at the option of the Issuer*) or Condition 15 (*Events of Default*), all unmatured Coupons relating thereto (whether or not still attached) shall become void and no payment will be made in respect thereof.
- (g) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a Payment Business Day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding Payment Business Day in such place and shall not be entitled to any further interest or other payment in respect of any such delay.
- (h) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Agent outside the United States (or in New York City if permitted by paragraph (c) above).
- (i) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.
- (j) *Exchange of Talons*: On or after the maturity date of the final Coupon which is (or was at the time of issue) part of a Coupon Sheet relating to the Notes, the Talon forming part of such Coupon Sheet may be exchanged at the Specified Office of the Principal Paying Agent for a further Coupon Sheet (including, if appropriate, a further Talon but excluding any Coupons in respect of which claims have already become void pursuant to Condition 16 (*Prescription*)). Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note shall become void and no Coupon will be delivered in respect of such Talon.

#### *Payments under Registered Notes*

- (a) *Principal*: Payments of principal shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency.
- (b) *Interest*: Payments of interest shall be made by cheque drawn in the currency in which the payment is due on or, upon application by a Registered Holder to the specified office of the Principal Paying Agent not later than the 15th day before the due date for any such payment, by transfer to an account denominated in such currency (or, if that currency is euro, any other account to which euro may be credited or transferred) maintained by the payee with a bank in the Principal Financial Centre of such currency and, in the case of interest payable on redemption) upon surrender (or, in the case of part payment only, endorsement) of the relevant Note Certificate at the specified office of any Agent.
- (c) *Payments subject to fiscal laws*: All payments in respect of the Registered Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 14 (*Taxation*). No commissions or expenses shall be charged to the Registered Holders in respect of such payments.

(d) *Payments on business days*: Where payment is to be made by transfer to an account, payment instructions (for value the due date, or, if the due date is not a business day, for value the next succeeding business day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed (i) (in the case of payments of principal and interest payable on redemption) on the later of the due date for payment and the day on which the relevant Note Certificate is surrendered (or, in the case of part payment only, endorsed) at the Specified Office of an Agent and (ii) (in the case of payments of interest payable other than on redemption) on the due date for payment. A Registered Holder shall not be entitled to any interest or other payment in respect of any delay in payment resulting from (A) the due date for a payment not being a business day or (B) a cheque mailed in accordance with this Condition arriving after the due date for payment or being lost in the mail. In this paragraph, “**business day**” means:

- (i) if the currency of payment is euro, any day which is in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or
- (ii) if the currency of payment is not euro, any day which is in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre;

and, in the case of surrender (or, in the case of part payment only, endorsement) of a Note Certificate, in the place in which the Note Certificate is surrendered (or, as the case may be, endorsed).

#### 14. Taxation

(a) *Gross up*: All payments of principal and interest in respect of the Notes and the Coupons (if any) by or on behalf of the Issuer and, where applicable, the Guarantor shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, present or future, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of Italy, the Cayman Islands (where the Issuer is IBOL) or Ireland (where the Issuer is IBI) or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders (if relevant) after such withholding or deduction of such amounts as would have been received by them if no such withholding or deduction had been required, except that no such additional amounts shall be payable in respect of any payment of any interest or principal either:

- (i) (in respect of payments by Banca Intesa) 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 or, for the avoidance of doubt, Italian Legislative Decree No. 461 of 21 November, 1997 (as amended by Italian Legislative Decree No. 201 of 16 June, 1998) (as any of the same may be amended or supplemented) or any related implementing regulations and in all circumstances in which the procedures set forth in Legislative Decree No. 239 in order to benefit from a tax exemption have not been met or complied with except where such procedures have not been met or complied with due to the actions or omissions of Banca Intesa or its agents; or
- (ii) with respect to any Notes or Coupons presented for payment:
  - (A) in the Republic of Italy; or
  - (B) by or on behalf of a holder who is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with the Cayman Islands or, Ireland or, as the case may be, the Republic of Italy other than the mere holding of such Note or Coupon; or

- (C) by or on behalf of a holder who is entitled to avoid such withholding or deduction in respect of such Note or Coupon by making a declaration of non-residence or other similar claim for exemption to the relevant taxing authority but has failed to do so; or
  - (D) more than 30 days after the Relevant Date except to the extent that the relevant holder would have been entitled to an additional amount on presenting such Note or Coupon for payment on such thirtieth day assuming that day to have been a Business Day; or
  - (E) in the event of payment to a non-Italian resident legal entity or a non-Italian resident individual, to the extent that interest or other amounts is paid to a non-Italian resident legal entity or a non-Italian resident individual which is resident in a tax haven country (as defined and listed in the Ministry of Finance Decree of 23 January, 2002 as amended from time to time) or which is resident in a country which does not allow for a satisfactory exchange of information with the Republic of Italy; or
- (iii) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or
  - (iv) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.
- (b) *Taxing jurisdiction*: If the Issuer or (if applicable) the Guarantor becomes subject at any time to any taxing jurisdiction other than the Republic of Italy or (as the case may be) the Cayman Islands or Ireland, references in these Conditions to the Republic of Italy or the Cayman Islands or Ireland shall be construed as references to the Republic of Italy or (as the case may be) the Cayman Islands or Ireland and/or such other jurisdiction.

## 15. Events of Default

### (a) Events of Default – Unsubordinated Notes

*This Condition 15(a) is applicable only in relation to Unsubordinated Notes.*

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified or provided with security to its satisfaction) (but, in the case of the happening of any of the events mentioned in sub-paragraphs (iii), (iv), (v), (vi), (vii) and (viii), only if the Trustee shall have certified in writing to the Issuer and, where applicable, the Guarantor that such event is, in its opinion, materially prejudicial to the interest of the Noteholders) give written notice to the Issuer and, where applicable, the Guarantor declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their Early Termination Amount together with accrued interest without further action or formality:

- (i) *Non-payment*: a default is made for more than 15 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of the interest or principal in respect of any of the Notes of the relevant Series; or
- (ii) *Insolvency*: the Issuer or, where applicable, the Guarantor shall:
  - (a) be adjudicated or found bankrupt or insolvent; or
  - (b) become subject (in the case of Banca Intesa) to an order for “*Liquidazione Coatta Amministrativa*” or “*Liquidazione*” (within the meanings ascribed to those expressions by the laws of the Republic of Italy) or (in the case of either Banca Intesa, IBOL or IBI) otherwise become subject to or initiate or consent to judicial or administrative proceedings relating to itself under any applicable insolvency, liquidation, composition,

- reorganisation or other similar laws (otherwise than for the purposes of an Approved Reorganisation (as defined below) or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders); or
- (c) (in the case of Banca Intesa) be submitted to an “*Amministrazione Straordinaria*” (within the meaning ascribed to that expression by the laws of the Republic of Italy) proceeding; or
  - (d) cease generally to pay its debts or admit in writing its inability to pay its debts as they mature; or
  - (e) enter into, or pass any resolution for, or become subject to any order by any competent court or administrative agency in relation to:
    - (aa) any arrangement with its creditors generally or any class of creditors; or
    - (bb) the appointment of an administrative or other receiver, administrator, trustee or other similar official in relation to the Issuer or, where applicable, the Guarantor or the whole or substantially (in the opinion of the Trustee) the whole of its undertaking or assets; or
  - (f) be wound up or dissolved (otherwise than for the purposes of an Approved Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders); or
- (iii) *Unsatisfied judgment*: the Issuer or, where applicable, the Guarantor fails to pay a final judgment of a court of competent jurisdiction within 30 days from the entering thereof or an execution is levied on or enforced upon or sued out in pursuance of any judgment against the whole or a substantial (in the opinion of the Trustee) part of the assets or property of the Issuer or, where applicable, the Guarantor; or
  - (iv) *Encumbrancer*, etc: an encumbrancer takes possession of, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against, the whole or a substantial (in the opinion of the Trustee) part of the undertaking or assets of the Issuer or, where applicable, the Guarantor; or
  - (v) *Cessation of business*: the Issuer or, where applicable, the Guarantor shall cease or threaten to cease to carry on the whole or substantially (in the opinion of the Trustee) the whole of its business (other than for the purposes of an Approved Reorganisation or on terms previously approved in writing by the Trustee or an Extraordinary Resolution of the Noteholders); or
  - (vi) *Security enforced*: the security for any debenture, mortgage or charge securing indebtedness in excess of euro 50,000,000 (or its equivalent in any other currency or currencies) of the Issuer or, where applicable, the Guarantor shall become enforceable and the holder or holders thereof shall take any legal proceedings to enforce the same; or
  - (vii) *Cross-default of the Issuer/Guarantor*: any Indebtedness for Borrowed Money of the Issuer or, where applicable, the Guarantor, or any guarantee or indemnity given by the Issuer or, where applicable, the Guarantor in respect of any Indebtedness for Borrowed Money of any other person, where the aggregate principal amount (including any premium payable on repayment or at maturity) is in excess of euro 50,000,000 (or its equivalent in any other currency or currencies) (a) in the case of any such guarantee or indemnity, shall not be honoured when due and called or (b) in the case of any Indebtedness for Borrowed Money either (i) shall become repayable prior to the due date for payment thereof by reason of default (howsoever described) by the Issuer or, where applicable, the Guarantor or (ii) shall not be paid on the due date for repayment or shall not be repaid at maturity as extended by any applicable grace period therefor, as the case may be; or
  - (viii) *Breach of other obligations*: default is made by the Issuer or, where applicable, the Guarantor in the performance or observance of any obligation, condition or provision binding on it under these Conditions, the Trust Deed or the Agency Agreement (other than any obligation for

payment of any principal moneys or interest in respect of the Notes) and (except in any case where the default is incapable of remedy when no continuation or notice as is hereinafter mentioned will be required) such default continues for 30 days after written notice thereof addressed to the Issuer or, where applicable, the Guarantor by the Trustee has been delivered to the Issuer or, where applicable, the Guarantor requiring the same to be remedied; or

- (ix) *Guarantee of the Notes*: where applicable the Guarantee of the Notes is not, or is claimed by the Guarantor not to be, in full force and effect.

In these Conditions, “**Approved Reorganisation**” means a solvent and voluntary reorganisation involving, alone or with others, the Issuer or, as applicable, the Guarantor, and whether by way of consolidation, amalgamation, merger, transfer of all or substantially all of its business or assets, or otherwise provided that the principal resulting, surviving or transferee entity (a “**Resulting Entity**”) is a banking company and effectively assumes all the obligations of the Issuer or, as applicable, the Guarantor, under, or in respect of, the Notes or, as applicable, the Guarantee.

(b) **Events of Default : Subordinated Notes**

*This Condition 15(b) is applicable only in relation to Subordinated Notes.*

- (i) The Trustee may at its discretion and without further notice institute such proceedings against the Issuer and (if applicable) the Guarantor as it may think fit to enforce any obligation, condition or provision binding on the Issuer or (if applicable) the Guarantor, under the Trust Deed or in relation to the Notes provided that the Issuer or (if applicable) the Guarantor, shall not by virtue of the institution of any such proceedings, other than proceedings for the bankruptcy, dissolution, liquidation, or winding-up of IBOL in the Cayman Islands (where IBOL is the Issuer) or of Banca Intesa in the Republic of Italy (where Banca Intesa is the Issuer or the Guarantor) or in the Republic of Italy for an order for *Liquidazione Coatta Amministrativa* in respect of Banca Intesa, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

The Trustee shall not in any event be bound to take any of the actions referred to in this Condition unless it shall have been so requested in writing by the holders of at least one quarter of the principal amount of the Notes outstanding or by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders and unless it shall have been indemnified to its satisfaction.

- (ii) The Trustee may, at its discretion, or if so requested in writing by holders of at least one quarter in principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution (subject to the Trustee having been indemnified or provided with security to its satisfaction), shall give written notice to the Issuer and, where applicable, the Guarantor declaring the Notes to be immediately due and payable, whereupon the Notes shall become immediately due and payable at their original outstanding principal amount on issue together with interest accrued as provided in the Trust Deed upon the occurrence of any of the following events (each an “**Event of Default**”):
- (a) the Issuer or, if applicable, the Guarantor fails to pay any amount of principal or interest on the date on which the same has become due and payable in accordance with these Conditions and/or the Trust Deed; or
  - (b) on any Interest Payment Date that is not an Optional Interest Payment Date, the Issuer or, if applicable, the Guarantor fails to pay interest in respect of the Notes accrued in the Interest Period ending on the day immediately preceding such date; or
  - (c) in the event of the bankruptcy, dissolution, liquidation or winding-up of the Issuer or (where applicable) the Guarantor or if (where applicable) the Guarantor becomes subject to an order for *Liquidazione Coatta Amministrativa* (otherwise than for the purpose of an Approved Reorganisation or on terms previously approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders).



- (iii) No remedy against the Issuer or (where applicable) the Guarantor other than (i) as provided by Condition 15(b) or (ii) the instituting of proceedings for the bankruptcy, dissolution, liquidation or winding-up of the Issuer or (where applicable) the Guarantor or for an order for *Liquidazione Coatta Amministrativa* in respect of the Guarantor shall be available to the Trustee on behalf of the Noteholders or the Couponholders whether for the recovery of amounts owing under or in respect of the Notes, the Coupons or under the Trust Deed or in respect of any breach by the Issuer or (where applicable) the Guarantor of any of its obligations under the Trust Deed or in relation to the Notes or the Coupons or otherwise.
- (iv) No Noteholder or Couponholder shall be entitled to proceed against the Issuer or (where applicable) the Guarantor unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure shall be continuing and only to the extent that the Trustee would have been entitled to do so.

## 16. Prescription

Claims against the Issuer or the Guarantor for payment of principal and interest in respect of the Notes or under the Guarantee, as the case may be, will be prescribed and become void unless made, in the case of principal, within ten years or, in the case of interest, five years after the Relevant Date.

## 17. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent or, in the case of Registered Notes, the Registrar (and, if the Notes are then listed on any stock exchange which requires the appointment of an Agent in any particular place, the Paying Agent having its Specified Office in the place required by such stock exchange), subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 18. Trustee and Agents

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceeds to enforce payment unless indemnified to its satisfaction, and to be paid its costs and expenses in priority to the claims of Noteholders. The Trustee is entitled to enter into business transactions with the Issuer and, where applicable, the Guarantor and any entity related to the Issuer or, where applicable, the Guarantor without accounting for any profit.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Agents act solely as agents of the Issuer and, where applicable, the Guarantor or, following the occurrence of an Event of Default, the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Agents and their initial Specified Offices are listed below. The initial Calculation Agent (if any) is specified in the relevant Pricing Supplement. The Issuer and, where applicable, the Guarantor reserve the right (with the prior written approval of the Trustee) at any time to vary or terminate the appointment of any Agent and to appoint a successor principal paying agent or Calculation Agent and additional or successor paying agents; *provided, however, that*:

- (a) the Issuer and, where applicable, the Guarantor shall at all times maintain a Principal Paying Agent and a Registrar; and
- (b) if a Calculation Agent is specified in the relevant Pricing Supplement, the Issuer and, where applicable, the Guarantor shall at all times maintain a Calculation Agent; and



- (c) if and for so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority for which the rules require the appointment of an Agent in any particular place, the Issuer and, where applicable, the Guarantor shall maintain an Agent having its Specified Office in the place required by the rules of such stock exchange; and
- (d) if any European Union Directive on the taxation of savings implementing the conclusion of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to such Directive is introduced, the Guarantor 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 any such Directive or law.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 21.

#### 19. Meetings of Noteholders; Modification and Waiver; Substitution; Additional Issuers

- (i) The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions, the terms of the Notes, and the Trust Deed. The modification of certain terms, including, *inter alia*, the status of the Notes and the Coupons, the rate of interest payable in respect of the Notes, the principal amount thereof, the currency of payment thereof, the date for repayment of the Notes and any date for payment of, or the method of determining the rate of, interest thereon, may only be effected at a meeting of Noteholders to which special quorum provisions apply. Any resolution duly passed at a meeting of Noteholders shall be binding on all the Noteholders and all the Couponholders, whether present or not.
- (ii) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (except as aforesaid) of these Conditions, the Trust Deed, the Notes, and the Coupons and may waive or authorise any breach or proposed breach by the Issuer or, where applicable, the Guarantor of any of the provisions of these Conditions, the Trust Deed, the Notes, and the Coupons which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders and may agree, without consent as aforesaid, to any modification which is of a formal, minor or technical nature or is made to correct a manifest error.
- (iii) The Trustee may (and in the case of an Approved Reorganisation shall) agree with the Issuer (or any previous substitute) and the Guarantor at any time without the consent of the Noteholders or Couponholders:
  - (a) to the substitution in place of IBOL or IBI, as the case may be, (or of any previous substitute) as principal debtor under the Notes, the Coupons and the Trust Deed by Banca Intesa or another subsidiary of Banca Intesa (the “**Substitute**”); or
  - (b) to an Approved Reorganisation; or
  - (c) that IBOL or IBI, as the case may be, (or any previous substitute) or Banca Intesa may, other than by means of an Approved Reorganisation, consolidate with, merge into or amalgamate with any Successor Company (as defined in the Trust Deed);

provided that:

- (i) where (in the case of substitution) the Substitute is not Banca Intesa or (in the case of an Approved Reorganisation) the assumption of the obligations of IBOL or IBI, as the case may be, is by a Resulting Entity other than Banca Intesa or (in the case of a consolidation, merger or amalgamation) the assumption of the obligations of IBOL or IBI, as the case may be, is by a Successor Company other than Banca Intesa, the obligations of the Substitute or such other entity under the Trust Deed and the Notes and the Coupons shall be irrevocably and unconditionally guaranteed by Banca Intesa (on like terms as to subordination, if applicable) to those of the Guarantee of the Notes;

- (ii) (other than in the case of an Approved Reorganisation) the Trustee is satisfied that the interests of the Noteholders will not be materially prejudiced thereby; and
- (iii) certain other conditions set out in the Trust Deed are satisfied.

Upon the assumption of the obligations of IBOL or IBI, as the case may be, by a Substitute or of Banca Intesa, IBOL or IBI by a Resulting Entity or of Banca Intesa, IBOL or IBI by a Successor Company, IBOL, IBI or, as the case may be, Banca Intesa shall (subject to the provisions of the Trust Deed) have no further liabilities under or in respect of the Trust Deed or the Notes or the Coupons. Any such assumption shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof and such other conditions as the Trustee may require.

The Trust Deed provides that any such substitution, Approved Reorganisation or consolidation, merger or amalgamation shall be notified to the Noteholders in accordance with Condition 21.

- (iv) In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver, authorisation, replacement, transfer or substitution as aforesaid):
  - (a) the Trustee shall have regard to the interests of the Noteholders as a class and in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory; and
  - (b) the Trustee shall not be entitled to claim from the Issuer or, where applicable, the Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for by Condition 14 or by any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.
- (v) The Trustee may also agree, without the consent of the Noteholders or the Couponholders, to the addition of another company as an issuer of Notes under the Programme and the Trust Deed. Any such addition shall be subject to the relevant provisions of the Trust Deed and to such amendment thereof as the Trustee may require.

## 20. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or the Couponholders, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes.

## 21. Notices

### *To Holders of Bearer Notes*

Notices to the Holders of Bearer Notes shall be valid if published (i) in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*), (ii) if and for so long as the Notes are listed on the Luxembourg Stock Exchange and the rules of that exchange so require, a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or in each case, if such publication is not practicable, in a leading English language daily newspaper having general circulation in Europe. In relation to Notes listed on the Official List of the Irish Stock Exchange (and so long as that exchange requires) all Notices will be valid if published in an English language daily newspaper published and circulating nationally in Ireland. It is expected that such publication will be made in the *Irish Times* in Ireland. Any such notice shall be deemed to have been given on the date of first publication (or if required to be published in more than one newspaper, on the first date on which publication shall have been

made in all the required newspapers). Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

#### *To Registered Holders*

Notices to the Registered Holders will be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register. Any such notice shall be deemed to have been given on the fourth day after the date of mailing. In addition, so long as the Notes are listed on a stock exchange and the rules of that stock exchange so require, notices to Registered Holders will be published on the date of such mailing in a daily newspaper of general circulation in the place or places required by that stock exchange.

#### *To Holders of Notes held in a clearing system*

While all the Notes are represented by a Global Note and the Global Note is deposited with a depositary or a common depositary for Euroclear and/or CBL and/or any other relevant clearing system, notices to Noteholders may (to the extent permitted by the rules of the Luxembourg Stock Exchange or any other exchange on which the Notes are then listed) be given by delivery of the relevant notice to Euroclear and/or CBL and/or any other relevant clearing system. Any such notices shall be deemed to have been given to the Noteholders on the date of delivery to Euroclear and/or CBL and/or any other relevant clearing system.

## **22. Provision of Information**

The Issuer and, if applicable, the Guarantor shall, during any period in which it is not subject to and in compliance with the reporting requirements of Section 13 or 15(d) of the United States Securities Exchange Act of 1934 (the “**Exchange Act**”) nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, duly provide to any Registered Holder of a Note which is a “restricted security” within the meaning of Rule 144(a)(3) under the United States Securities Act of 1933 (the “**Securities Act**”) or to any prospective purchaser of such securities designated by such Holder, upon the written request of such Holder or (as the case may be) prospective Holder addressed to the Issuers and delivered to the Issuers or to the Specified Office of the Registrar, the information specified in Rule 144A(d)(4) under the Securities Act.

## **23. Rounding**

For the purposes of any calculations referred to in these Conditions (unless otherwise specified in these Conditions or the relevant Pricing Supplement), (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 per cent. being rounded up to 0.00001 per cent.), (b) all United States dollar amounts used in or resulting from such calculations will be rounded to the nearest cent (with one half cent being rounded up), (c) all Japanese Yen amounts used in or resulting from such calculations will be rounded downwards to the next lower whole Japanese Yen amount, and (d) all amounts denominated in any other currency used in or resulting from such calculations will be rounded to the nearest two decimal places in such currency, with 0.005 being rounded upwards.

## **24. Third Party Rights**

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999.

## **25. Governing Law and Jurisdiction**

- (a) The Trust Deed and the rights and obligations in respect of the Notes and the Coupons are governed by, and shall be construed in accordance with, English law, save that the subordination provisions applicable to the Subordinated Notes and the subordination provisions relating to the Subordinated Guarantee described in Conditions 5 and 6 and Clauses 4 and 5 of the Trust Deed, shall be governed by the laws of the Republic of Italy.

- (b) In the Trust Deed, each of Banca Intesa, IBOL and IBI has irrevocably agreed for the benefit of the Noteholders that the courts of England are to have jurisdiction to hear and determine any suit, action or proceedings and to hear and determine any suit, action or proceedings and to settle any disputes which may arise out of or in connection with the Trust Deed and the Notes and the Coupons (respectively “**Proceedings**” and “**Disputes**”) and for such purposes have irrevocably submitted to the non-exclusive jurisdiction of such courts.
- (c) *Appropriate forum:* In the Trust Deed each of Banca Intesa, IBOL and IBI has irrevocably waived any objection which it might now or hereafter have to the courts of England being nominated as the forum to hear and determine any Proceedings and to settle any Disputes, and has agreed not to claim that any such court is not a convenient or appropriate forum.
- (d) *Process Agent:* In the Trust Deed, each of Banca Intesa, IBOL and IBI has agreed 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 which is presently at 90 Queen Street, London EC4N 1SA or its address for the time being. If such person is not or ceases to be effectively appointed to accept service of process on Banca Intesa’s, IBOL’s or IBI’s behalf, Banca Intesa, IBOL and IBI have agreed in the Trust Deed that they shall, on the written demand of the Trustee or, failing the Trustee, any Noteholder, addressed to Banca Intesa, IBOL or IBI, as the case may be, and delivered to Banca Intesa, IBOL or IBI or to the specified office of the Principal Paying Agent, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee or, failing the Trustee, any Noteholder, shall be entitled to appoint such a person by written notice addressed to Banca Intesa, IBOL or IBI, as the case may be, or to the specified office of the Principal Paying Agent. Nothing in this paragraph shall affect the right of the Trustee or, failing the Trustee, any Noteholder, to serve process in any other manner permitted by law.
- (e) *Non-exclusivity:* The submission to the jurisdiction of the courts of England shall not (and shall not be construed so as to) limit the right of any Noteholder 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 currently or not) if and to the extent permitted by law.
- (f) *Consent to enforcement etc.:* In the Trust Deed, each of Banca Intesa, IBOL and IBI has consented generally in respect of any Proceedings to the giving of any relief or the issue of any process in connection with such Proceedings including (without limitation) the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such Proceedings.

## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement in respect of each Tranche of Notes (other than in respect of credit linked Notes to which the Form of Pricing Supplement on page 69 relates) will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue. Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

Pricing Supplement dated [ ]

**[Banca Intesa S.p.A./  
INTESA BANK OVERSEAS LTD./  
INTESA BANK IRELAND p.l.c.]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed, in respect of the Notes issued by  
[Intesa Bank Overseas Ltd./Intesa Bank Ireland p.l.c.], by

**Banca Intesa S.p.A.**

under the **€17,000,000,000**  
**Global Medium Term Note Programme**

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 5th August 2003. This Pricing Supplement must be read in conjunction with such Offering Circular.

*[Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.]*

[If the Notes have a maturity of less than one year from their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency.]

- |    |   |   |
|----|---|---|
| 1. | (i) Issuer:   | Banca Intesa S.p.A./Intesa Bank Overseas Ltd./<br>Intesa Bank Ireland p.l.c.  |
|    | [(ii) Guarantor:  | Banca Intesa S.p.A.]  |
| 2. | [(i)] Series Number:  | [ ]   |
|    | [(ii) Tranche Number:   |   |
|    | (If fungible with an existing Series, details of<br>that Series, including the date on which the<br>Notes become fungible). | [ ]   |
| 3. | Specified Currency or Currencies:   | [ ]   |
| 4. | Aggregate Nominal Amount:   |   |
|    | [(i)] Series:   | [ ]   |
|    | [(ii) Tranche:  | [ ]   |
| 5. | [(i)] Issue Price:  | [ ] per cent. of the Aggregate Nominal Amount<br>[plus accrued interest from [insert date] (in the<br>case of fungible issues only, if applicable)] |
|    | [(ii) Net proceeds:   | [ ] (Required only for listed issues)]  |

6. [(i)] Specified Denominations:\* [ ]  
[ ]
- [(ii)] Specified Minimum Amounts: [For Registered Notes only]
- [(iii)] Specified Increments: [For Registered Notes only]
7. [(i)] Issue Date: [ ]
- [(ii)] Interest Commencement Date (if different from the Issue Date): [ ]
8. Maturity Date: [*specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year*]
9. Interest Basis: [% Fixed Rate]  
[[specify reference rate] +/- % Floating Rate]  
[Zero Coupon]  
[Index-Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par]  
[Index-Linked Redemption]  
[Dual Currency]  
[Partly Paid]  
[Instalment]  
[Other (*specify*)]
11. Change of Interest or Redemption/Payment Basis: [*Specify details of any provision for convertibility of Notes into another interest or redemption/ payment basis*]
12. Put/Call Options: [Investor Put]  
[Issuers Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: [Senior/Subordinated]  
[Lower Tier II/Upper Tier II/Tier III]
- (ii) Status of the Guarantee: [Senior/Subordinated]  
[Lower Tier II/Upper Tier II/Tier III]
14. Listing: [Luxembourg/Dublin/other (*specify*)/None]\*
15. Method of distribution: [Syndicated/Non-syndicated]

#### **PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year

\* Notes to be issued by IBI which are not listed on a stock exchange must not be sold to Irish residents or offered in Ireland, must be cleared through Euroclear or CBL (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners) and must have a minimum denomination of €500,000 or its equivalent. See "Taxation" below.



(iii) Fixed Coupon Amount[(s)]:	[ ] [per Note of [ ] Specified Denomination and [ ] per Note of [ ] Specified Denomination]
(iv) Day Count Fraction:	[30/360]/[Actual/Actual (Bond)]/[If neither of these options applies, give details]
(v) Broken Amount(s):	[Insert particulars of any initial or final broken interest amounts which do not correspond with the Fixed Coupon Amount[(s)]]
(vi) Other terms relating to the method of calculating interest for Fixed Rate Notes:	[Not Applicable/give details]
<b>17. Floating Rate Note Provisions</b>	[Applicable/Not Applicable] (If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)
(i) Specified Period(s)/Specified Interest Payment Dates:	[ ]
(ii) Business Day Convention:	[Floating Rate Convention/ Following Business Day Convention/ Modified Following Business Convention/ Preceding Business Day Convention/ other (give details)]
(iii) Additional Business Centre(s):	[Not Applicable/give details]
(iv) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination/other (give details)]
(v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent):	[[Name] shall be the Calculation Agent (no need to specify if the Principal Paying Agent is to perform this function)]
(vi) Screen Rate Determination:	
- Reference Rate:	[For example, LIBOR or EURIBOR]
- Relevant Screen Page:	[For example, Bridge/Moneyline Telerate page 3750/248]
- Interest Determination Date(s):	[ ]
- Relevant Time:	[For example, 11.00 a.m. London time/Brussels time]
- Relevant Financial Centre:	[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]
(vii) ISDA Determination:	
- Floating Rate Option:	[ ]
- Designated Maturity:	[ ]
- Reset Date:	[ ]
(viii) Margin(s):	[+/-][ ] per cent. per annum

- (ix) Minimum Rate of Interest:  per cent. per annum
- (x) Maximum Rate of Interest:  per cent. per annum
- (xi) Day Count Fraction:
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:
- 18. Zero Coupon Note Provisions**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield:  per cent. per annum
- (ii) Reference Price:
- (iii) Any other formula/basis of determining amount payable:  [*Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 12(g)*]
- 19. Index-Linked Interest Note Provisions**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula:  [*Give or annex details*]
- (ii) Calculation Agent responsible for calculating the interest due:
- (iii) Provisions for determining Rate of Interest where calculation by reference to Index and/or Formula is impossible or impracticable:
- (iv) Specified Period(s)/Specified Interest Payment Dates:
- (v) Business Day Convention:  [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Additional Business Centre(s):
- (vii) Minimum Rate of Interest:  per cent. per annum
- (viii) Maximum Rate of Interest:  per cent. per annum
- (ix) Day Count Fraction:
- 20. Dual Currency Note Provisions**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange:  [*Give details*]

- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due: [ ]
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable: [ ]
- (iv) Person at whose option Specified Currency(ies) is/are payable: [ ]

## PROVISIONS RELATING TO REDEMPTION

21. **Call Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s) (Call): [ ]
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s): [ ]
- (iii) If redeemable in part:
  - (a) Minimum Redemption Amount: [ ]
  - (b) Maximum Redemption Amount: [ ]
- (iv) Notice period (if other than as set out in the Conditions): [ ]

22. **Put Option** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*

- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s): [ ]
- (iii) Notice period (if other than as set out in the Conditions): [ ]

23. **Final Redemption Amount** [Par/other/see Appendix]

24. **Early Redemption Amount**

Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions): [Not Applicable *(if both the Early Redemption Amount (Tax) and the Early Termination Amount are the principal amount of the Notes/specify the Early Redemption Amount (Tax) and/or the Early Termination Amount if different from the principal amount of the Notes)*]

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: **Bearer Notes:**

[Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note.]

[Temporary Global Note exchangeable for Definitive Notes on 60 days' notice.]

[Permanent Global Note exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note].

**Registered Notes:**

[specify]

26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuers to forfeit the Notes and interest due on late payment: [Not Applicable/give details]
29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/give details]
30. Redenomination applicable Redenomination [not] applicable. [(If redenomination is applicable, specify the terms of the redenomination in an Annex to the Pricing Supplement)]
31. Renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
32. Consolidation provisions: [Not Applicable/The provisions [in Condition 20 (Further Issues)] [annexed to this Pricing Supplement] apply]
33. Other terms or special conditions: [Not Applicable/give details]

**DISTRIBUTION**

34. (i) If syndicated, names of Managers: [Not Applicable/give names]  
(ii) Stabilising Manager (if any): [Not Applicable/give name]
35. If non-syndicated, name of Dealer: [Not Applicable/give name]
36. TEFRA: [Not Applicable/The [C/D] Rules are applicable]
37. Additional selling restrictions: [Not Applicable/give details]

## OPERATIONAL INFORMATION

38. ISIN Code: [ ]
39. Common Code: [ ]
40. CUSIP [ ]
41. Any clearing system(s) other than Euroclear and CBL and the relevant identification number(s): [Not Applicable/Monte Titoli No./give name(s) and number(s)]
42. Delivery: Delivery [against/free of] payment
43. Additional Paying Agent(s) (if any): [ ]

## [LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the €17,000,000,000 Global Medium Term Note Programme of Banca Intesa S.p.A., Intesa Bank Overseas Ltd. and Intesa Bank Ireland p.l.c. guaranteed, in respect of the Notes issued by Intesa Bank Overseas Ltd. and Intesa Bank Ireland p.l.c. by Banca Intesa S.p.A.]

## RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement. To the best of knowledge and belief of the Issuer [and the Guarantor], the information, contained in this Pricing Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

## [ISSUER DETAILS

*(only required for Notes issued by Banca Intesa S.p.A.)*

Registered Office: Piazza P. Ferrari, 10  
20121 Milan  
Italy

Share Capital: [ ]

Company Number: [ ]

Corporate Object: [ ]

Signed on behalf of the Issuer:

By: .....  
Duly authorised

[Signed on behalf of the Guarantor:

By: .....  
Duly authorised]

For ITALIAN INVESTORS AND TO WHOM IT MAY CONCERN:

The Issuer produced the “Foglio Informativo Analitico” pursuant to the Bank of Italy regulatory provision dated 30th July, 1999 (as amended and supplemented from time to time). Such Foglio Informativo Analitico is available for any purposes at the following address: Banca Intesa S.p.A. – Piazza Belgioioso 1, 20121 Milan, Italy.



## FORM OF PRICING SUPPLEMENT

*The Pricing Supplement in respect of each Tranche of credit linked Notes linked to the performance of a single reference entity or basket of reference entities will be substantially in the following form, duly supplemented (if necessary), amended (if necessary) and completed to reflect the particular terms of the relevant Notes and their issue (including the relevant credit linked provisions and terms for cash or physical settlement, which may be set out in one or more schedules to the Pricing Supplement). Text in this section appearing in italics does not form part of the form of the Pricing Supplement but denotes directions for completing the Pricing Supplement.*

Pricing Supplement dated [ ]

**[BANCA INTESA S.p.A./  
INTESA BANK OVERSEAS LTD.**

**and**

**INTESA BANK IRELAND p.l.c.]**

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]  
Guaranteed, in respect of the Notes issued by  
Intesa Bank Overseas Ltd. and Intesa Bank Ireland p.l.c., by

**BANCA INTESA S.p.A.**

under the €17,000,000,000  
**Global Medium Term Note Programme**

**This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 5th August, 2003. This Pricing Supplement must be read in conjunction with such Offering Circular.**

**The Notes are credit linked notes linked to the performance of the reference entity/ies listed in the table set out in Part 2 of Schedule 1 hereto (each a “Reference Entity”) and Obligations of the Relevant Reference Entity (as defined in Schedule 1 hereto), and an investment in the Notes involves a high degree of risk. Investors should note that the Notes differ from ordinary debt securities issued by the Issuer under the Programme in that the amount of principal and interest payable by the Issuer is dependent on whether a credit event in respect of [the/a] Reference Entity has occurred. In certain circumstances the Notes will cease to bear interest and the value paid to holders on redemption may be less than their original investment and may in certain circumstances be zero.**

**The Notes may not benefit from the same ratings assigned to other notes issued under the Programme. Investors in the Notes should note that no specific rating for the Notes has been applied for or sought.**

**These Notes may not be sold to or procured to be sold in any form whatsoever to Italian private individuals.**

**Investors in the Notes should have sufficient knowledge and experience in financial and business matters to evaluate the merits and risks of investing in the Notes as well as access to, and knowledge of, appropriate analytical tools to evaluate such merits and risk in the context of their financial situation. The Notes are not an appropriate investment for investors who are unsophisticated. Investors should also have sufficient financial resources to bear the risks of an investment in the Notes.**

**Investors in the Notes should consult with their own legal, regulatory, tax, business, investment, financial and/or accounting advisers to the extent that they deem it necessary, and make their own investment, hedging and trading decisions (including decisions regarding the suitability of this investment) based upon their own judgement and upon advice from such advisers as they deem necessary and not upon any view expressed by the Dealer or the Issuer, or any of their respective Affiliates.**

The Notes do not constitute, on the part of the Issuer and the Noteholder, either a direct or indirect obligation of [the/a] Reference Entity [except to the extent of physical settlement upon the occurrence of a credit event].

The determination as to whether a credit event has occurred will be made on the basis of the terms and conditions of the Notes and without regard to any related determination by [the/a] Reference Entity or any action taken, omitted to be taken or suffered to be taken by any other person including, without limitation, any creditor of [the/a] Reference Entity except as provided expressly by the terms and conditions of the Notes.

No person has been authorised to give any information or make any representation not contained in or not consistent with this Pricing Supplement, or any other information supplied in connection with the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, or the Dealer (as defined herein) or the Determination Agent (as defined in Schedule 1 hereto).

By investing in the Notes each investor in the Notes represents that:

- (a) **Non-Reliance.** It is acting for its own account, and it has made its own independent decisions to invest in the Notes and as to whether the investment in the Notes is appropriate or proper for it based upon its own judgement and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the Issuer or the Dealer as investment advice or as a recommendation to invest in the Notes, it being understood that information and explanations relating to the terms and conditions of the Notes shall not be considered to be investment advice or a recommendation to invest in the Notes. No communication (written or oral) received from the Issuer or the Dealer shall be deemed to be an assurance or guarantee as to the expected results of the investment in the Notes.
- (b) **Assessment and Understanding.** It has read and fully understands the terms and conditions of the Notes including but not limited to the risks relating to the occurrence of a credit event. It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and accepts the terms and conditions and risks of the investment in the Notes. It is also capable of assuming, and assumes, the risks of the investment in the Notes. It fully understands that a credit event could occur at any time and it assumes various risks including, without limitation, insolvency risk on the Issuer, insolvency, political and economic risks on the Reference [Entity/Entities] and the risk of adverse or unanticipated market developments.
- (c) **Status of Parties.** Neither the Issuer nor the Dealer is acting as a fiduciary for or adviser to it in respect of the investment in the Notes. Neither the Issuer nor the Dealer makes any representation as to the existence of a market for the Notes.

#### [Disclaimer

The Issuer does not make any representation or warranty, nor shall it have any responsibility to the Noteholders, with respect to:

- (a) the legality, validity, binding effect or enforceability of any Deliverable Obligation (as defined in Schedule 1 hereto) or any related document or any of the terms, covenants or conditions contained therein or the existence, value, perfection or priority of any collateral security for any extension of credit thereunder;
- (b) the filing, recording or taking of any other action with respect to any Deliverable Obligations or any related document or any extension of credit thereunder;
- (c) the financial or other condition of [the/any] Reference Entity; or
- (d) any other matter relating to the Deliverable Obligations or any related document or any extension of credit thereunder.]<sup>1</sup>

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1. Applicable to Physical Settlement

*[Include whichever of the following apply or specify as “Not Applicable” (N/A). Note that the numbering should remain as set out below, even if “Not Applicable” is indicated for individual paragraphs or sub-paragraphs. Italics denote directions for completing the Pricing Supplement.]*

*[If the notes have a maturity of less than one year from their date of issue, the minimum denomination may need to be £100,000 or its equivalent in any other currency].*

1. (i) Issuer: Banca Intesa S.p.A./Intesa Bank Overseas Ltd./  
Intesa Bank Ireland p.l.c.
- [(ii) Guarantor: Banca Intesa S.p.A.]
2. [(i)] Series Number: [ ]
- [(ii) Tranche Number: [ ]
- (If fungible with an existing Series, details of that Series, including the date on which the Notes become fungible).* [ ]
3. Specified Currency or Currencies: [ ]
4. Aggregate Nominal Amount:
  - [(i)] Series: [ ]
  - [(ii) Tranche: [ ]
5. [(i)] Issue Price: [ ] per cent. of the Aggregate Nominal Amount  
[plus accrued interest from *[insert date]* (*in the case of fungible issues only, if applicable*)]
- [(ii) Net proceeds: [ ] (*Required only for listed issues*)
6. [(i)] Specified Denominations: [ ]  
[ ]
- [(ii)] Specified Minimum Amounts: [For Registered Notes only]
- [(iii)] Specified Increments: [For Registered Notes only]
7. [(i)] Issue Date: [ ]
- [(ii) Interest Commencement Date (if different from the Issue Date): [ ]
8. Maturity Date: *[specify date or (for Floating Rate Notes) Interest Payment Date falling in the relevant month and year]* (the “**Scheduled Maturity Date**”), subject as provided in paragraph 1 (Redemption following occurrence of a credit event) of Schedule 1 hereto
9. Interest Basis: [% Fixed Rate]  
[[*specify reference rate*] +/- % Floating Rate]  
[Zero Coupon]  
[Index-Linked Interest]  
[Other (*specify*)]  
(further particulars specified below)
10. Redemption/Payment Basis: [Redemption at par], subject as provided in paragraph 1 (Redemption following occurrence of a credit event) of Schedule 1 hereto

11. Change of Interest or Redemption/Payment Basis: *[Specify details of any provision for convertibility of Notes into another interest or redemption/payment basis]*
12. Put/Call Options: [Investor Put]  
[Issuers Call]  
[(further particulars specified below)]
13. (i) Status of the Notes: Unsubordinated  
(ii) Status of the Guarantee: Unsubordinated
14. Listing: [Luxembourg/Dublin/other (*specify*)/None]\*.
15. Method of distribution: [Non-syndicated]

#### PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16. **Fixed Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph)
- (i) Rate[(s)] of Interest: [ ] per cent. per annum [payable [annually/semi-annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [ ] in each year
- (iii) Fixed Coupon Amount[(s)]: [ ] [per Note of [ ] Specified Denomination and [ ] per Note of [ ] Specified Denomination]
- (iv) Day Count Fraction: [30/360]/[Actual/Actual (Bond)]/[If neither of these options applies, give details]
- (v) Other terms relating to the method of calculating interest for Fixed Rate Notes: [See Schedule 1 hereto]
17. **Floating Rate Note Provisions** [Applicable/Not Applicable]  
(If not applicable, delete the remaining subparagraphs of this paragraph. Also consider whether EURO BBA LIBOR or EURIBOR is the appropriate reference rate)
- (i) Specified Period(s)/Specified Interest Payment Dates: [ ]
- (ii) Business Day Convention: [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (iii) Additional Business Centre(s): [Not Applicable/*give details*]
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: [Screen Rate Determination/ISDA Determination/other (*give details*)]
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): [[*Name*] shall be the Calculation Agent (*no need to specify if the Principal Paying Agent is to perform this function*)]

\*Notes to be issued by IBI which are not listed on a stock exchange must not be sold to Irish residents or offered in Ireland, must be cleared through Euroclear or CBL (or any other clearing system recognised for this purpose by the Revenue Commissioners) and must have a minimum denomination of €500,000 or its equivalent. See "Taxation" below.

- (vi) Screen Rate Determination:
- Reference Rate: *[For example, LIBOR or EURIBOR]*
  - Relevant Screen Page: *[For example, Bridge/Moneyline Telerate page 3750/248]*
  - Interest Determination Date(s): [ ]
  - Relevant Time: *[For example, 11.00 a.m. London time/Brussels time]*
  - Relevant Financial Centre: *[For example, London/Euro-zone (where Euro-zone means the region comprised of the countries whose lawful currency is the euro)]*
- (vii) ISDA Determination:
- Floating Rate Option: [ ]
  - Designated Maturity: [ ]
  - Reset Date: [ ]
- (viii) Margin(s): [+/-][ ] per cent. per annum
- (ix) Minimum Rate of Interest: [ ] per cent. per annum
- (x) Maximum Rate of Interest: [ ] per cent. per annum
- (xi) Day Count Fraction: [ ]
- (xii) Fall back provisions, rounding provisions, denominator and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [ ]
- 18. Zero Coupon Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Accrual Yield: [ ] per cent. per annum
  - (ii) Reference Price: [ ]
  - (iii) Any other formula/basis of determining amount payable: *[Consider whether it is necessary to specify a Day Count Fraction for the purposes of Condition 12(g)]*
- 19. Index-Linked Interest Note Provisions** [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Index/Formula: *[Give or annex details]*
  - (ii) Calculation Agent responsible for calculating the interest due: [ ]
  - (iii) Provisions for determining Rate of Interest where calculation by reference to Index and/or Formula is impossible or impracticable: [ ]

- (iv) Specified Period(s)/Specified Interest Payment Dates:
- (v) Business Day Convention:  [Floating Rate Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (*give details*)]
- (vi) Additional Business Centre(s):
- (vii) Minimum Rate of Interest:  per cent. per annum
- (viii) Maximum Rate of Interest:  per cent. per annum
- (ix) Day Count Fraction:
20. **Dual Currency Note Provisions**  [Applicable/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Rate of Exchange/method of calculating Rate of Exchange:  [*Give details*]
- (ii) Calculation Agent, if any, responsible for calculating the principal and/or interest due:
- (iii) Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:
- (iv) Person at whose option Specified Currency(ies) is/are payable:

## PROVISIONS RELATING TO REDEMPTION

21. **Call Option**  [Applicable, subject as provided in paragraph 1 (Redemption following occurrence of a credit event) of Schedule 1 hereto/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*
- (i) Optional Redemption Date(s) (Call):
- (ii) Optional Redemption Amount(s) (Call) and method, if any, of calculation of such amount(s):
- (iii) If redeemable in part:
- Minimum Redemption Amount:
  - Maximum Redemption Amount:
- (iv) Notice period (if other than as set out in the Conditions):
22. **Put Option**  [Applicable, subject as provided in paragraph 1 (Redemption following occurrence of a credit event) of Schedule 1 hereto/Not Applicable]  
*(If not applicable, delete the remaining subparagraphs of this paragraph)*



- (i) Optional Redemption Date(s): [ ]
- (ii) Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):
- (iii) Notice period (if other than as set out in the Conditions): [ ]
23. **Final Redemption Amount** As defined in Schedule 1 hereto
24. **Early Redemption Amount** As defined in Schedule 1 hereto
- Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in the Conditions):

### GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: **Bearer Notes:**
- [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note.]
- [The forms of each of the Temporary Global Note and Permanent Global Note are set out in Schedule 3 hereto] (*for Physical Settlement only*)
- [Permanent Global Note exchangeable for Definitive Notes on 60 days' notice at any time/in the limited circumstances specified in the Permanent Global Note].
- [The form of the Permanent Global Note is set out in Schedule 3 hereto] (*for Physical Settlement only*)
- Registered Notes:**
- [specify]
26. Additional Financial Centre(s) or other special provisions relating to Payment Dates: [Not Applicable/give details. Note that this item relates to the place of payment, and not interest period end dates, to which item 17(iii) relates]
27. Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No. If yes, give details]
28. Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuers to forfeit the Notes and interest due on late payment: [Not Applicable/give details]

29. Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made: [Not Applicable/*give details*]
30. Redenomination applicable Redenomination [not] applicable. [*If redenomination is applicable, specify the terms of the redenomination in an Annex to the Pricing Supplement*)]
31. Renominalisation and reconventioning provisions: [Not Applicable/The provisions annexed to this Pricing Supplement apply]
32. Consolidation provisions: [Not Applicable/The provisions [in Condition 20 (*Further Issues*)] [annexed to this Pricing Supplement] apply]
33. Other terms or special conditions: The provisions set out in the Schedules hereto shall apply to the Notes

#### **DISTRIBUTION**

34. (i) If syndicated, names of Managers: [Not Applicable/*give names*]  
(ii) Stabilising Manager (if any): [Not Applicable/*give name*]
35. If non-syndicated, name of Dealer: [Not Applicable/*give name*]
36. TEFRA: [Not Applicable/The [C/D] Rules are applicable]
37. Additional selling restrictions: [Not Applicable/*give details*]

#### **OPERATIONAL INFORMATION**

38. ISIN Code: [ ]
39. Common Code: [ ]
40. CUSIP [ ]
41. Any clearing system(s) other than Euroclear and CBL and the relevant identification number(s): [Not Applicable/Monte Titoli No./*give name(s) and number(s)*]
42. Delivery: Delivery [against/free of] payment
43. Additional Paying Agent(s) (if any): [ ]

#### **[LISTING APPLICATION**

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the €17,000,000,000 Global Medium Term Note Programme of Banca Intesa S.p.A., Intesa Bank Overseas Ltd. and Intesa Bank Ireland p.l.c. guaranteed, in respect of the Notes issued by Intesa Bank Overseas Ltd. and Intesa Bank Ireland p.l.c., by Banca Intesa S.p.A.]

#### **[ISSUER DETAILS**

[*Only required for Notes issued by Banca Intesa S.p.A.*]

Registered Office: Piazza P. Ferrari 10  
20121, Milan  
Italy

Share Capital: [ ]

Company Number: [ ]

Corporate Object: [ ]]

#### RESPONSIBILITY

The Issuer [and the Guarantor] accept[s] responsibility for the information contained in this Pricing Supplement. To the best of the knowledge and belief of the Issuer [and the Guarantor], the information contained in this Pricing Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information. [This responsibility statement is subject as provided in paragraph [2] of Schedule 1 hereto (for listed issues only)].

Signed on behalf of the Issuer:

By: .....  
Duly authorised

[Signed on behalf of the Guarantor:

By: .....  
Duly authorised]

#### For ITALIAN INVESTORS AND TO WHOM IT MAY CONCERN:

The Issuer produced the “Foglio Informativo Analitico” pursuant to the Bank of Italy regulatory provision dated 30th July, 1999 (as amended and supplemented from time to time). Such Foglio Informativo Analitico is available for any purposes at the following address: Banca Intesa S.p.A. – Piazza Belgioioso 1, 20121 Milan, Italy.

## BANCA INTESA S.p.A.

### Capitalisation and Indebtedness of Intesa Group

The following table sets out the capitalisation and indebtedness of the Banca Intesa Group as at 31st December, 2002 and 31st March, 2003, and is derived from the consolidated financial statements of Banca Intesa as at 31st December, 2002 and the unaudited consolidated financial statements of Banca Intesa as at 31st March, 2003, respectively.

	<i>As at 31/03/03</i>	<i>As at 31/12/02<sup>(1)</sup></i>
	<i>(in millions of euro)</i>	
<b>Shareholders' equity</b>		
– ordinary shares .. .. .	3,076	3,076
– savings shares .. .. .	485	485
<b>Total Share Capital<sup>(2)</sup> .. .. .</b>	<b>3,561</b>	<b>3,561</b>
– ordinary reserves .. .. .	773	773
– other reserves .. .. .	9,152	9,417
<b>Total reserves .. .. .</b>	<b>9,925</b>	<b>10,190</b>
<b>Net income for the period .. .. .</b>	<b>313</b>	<b>200</b>
<b>Total shareholders' equity .. .. .</b>	<b>13,799</b>	<b>13,951</b>
<b>Minority interests .. .. .</b>	<b>783</b>	<b>776</b>
<b>Long term subordinated debt .. .. .</b>	<b>11,442</b>	<b>11,649</b>
<b>Total Capitalisation<sup>(3)</sup> .. .. .</b>	<b>26,024</b>	<b>26,376</b>
<b>Indebtedness</b>		
Due to banks .. .. .	44,297	45,252
Due to customers and public funds under administration .. .. .	114,378	112,952
Security issued .. .. .	55,536	56,671
<b>Total Indebtedness .. .. .</b>	<b>214,211</b>	<b>214,875</b>

#### Notes

- (1) Figures restated on a consistent basis.
- (2) The total authorized issued and paid in share capital of Banca Intesa is comprised of 5,915,707,226 ordinary shares and 932,490,561 savings shares in a nominal amount of euro 0.52 each.
- (3) Apart from the changes disclosed in the Offering Circular there has been no material change in the Capitalisation of Banca Intesa since 31st March, 2003.

## BUSINESS DESCRIPTION OF THE INTESA GROUP

### Overview

The Intesa Group is a full service Italian banking group that provides a wide range of retail and commercial banking and other financial services to customers in Italy and abroad. The Intesa Group's principal services are focused on deposit taking, lending, collection and payment services, investment banking, capital market services, securities custody and settlement, foreign currency transactions, leasing, factoring, asset and mutual fund management and life insurance. In addition, the Intesa Group has a developed international network to facilitate the cross-border banking requirements of its corporate customer base as well as having significant retail banking interests outside Italy. The Intesa Group is Italy's largest banking entity in terms of total assets (282 billion euro as of 31st March, 2003), loans to customers (165 billion euro), direct customer deposits (181 billion euro) and customer deposits under administration (472 billion euro). The Intesa Group has the largest network in Italy with 3,251 branches. Capitalising on market leadership in Lombardy and retail presence in the industrial regions of northern Italy, the Intesa Group has, in management's opinion, a leadership position in the most profitable geographic regions in Italy with the highest growth potential and, as a result of the acquisition of BCI (as defined below), has substantially increased coverage throughout Italy. A detailed description of the Intesa Group's history, structure and activities is set out below.

### History

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

In December 1999 Banca Intesa finalised the exchange offer pursuant to which it acquired 70% of the outstanding ordinary shares and savings shares of Banca Commerciale Italiana S.p.A. ("**BCI**") in return for the issue of new ordinary shares of Banca Intesa.

On 10th 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.'

As of 1st January, 2003 the corporate name has changed 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 "**Intesa Group**"). The Certificate of Registration of a Change of Name of an Oversea Company was issued on 6th January, 2003.

### The Structure of the Group

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

The new structure is based on:

- four Business Divisions – Retail, Italian Banks, Corporate, Foreign Banks – that are responsible for all the clients of the Group;
- Product Companies that support the Business Divisions and will also further broaden the market presence of the Group;
- Central Functions: Head Office Departments and Services Companies.

## **BUSINESS DIVISIONS**

### **Retail Division**

The Retail Division has approximately 7.5 million clients and approximately 2,300 branches and its activities include current and savings accounts, consumer loans, overdraft facilities, mortgage loans, credit cards, utility bill payment and other automated banking services (the telephone banking service and the home banking activity together provide services to around 1.4 million clients) and wealth management.

The wealth management business includes asset management, supplementary pension funds and bancassurance.

The asset management business is carried on by Nextra Investment Management Sgr which operates mainly in mutual funds/sicavs (with a market share of 18.5% as at 31st March, 2003) and in individual portfolio management schemes. At the end of the first quarter 2003, assets under management totalled 103 billion euro.

Intesa Previdenza is specialised in supplementary pension funds, with 8 open-ended pension funds as at 31st March, 2003 totalling 353 million euro of assets under management with a market share of 27.8% and over 103,000 subscribers.

Intesa Vita, operating in bancassurance, closed the first quarter 2003 with 460 million euro of issued premiums (+33% on the first quarter 2002) while technical reserves amounted to 7,440 million euro. In March 2003, Banca Intesa and Gruppo Generali signed an agreement for the setting up of a bancassurance joint venture in the life insurance business. The life insurance business of Alleanza Assicurazioni and Assiba will be merged with the life assurance business of Intesa Vita relying on technical reserves exceeding 16 billion euro and on premium income amounting to 4 billion euro as at December 2002. A stake of 45% in Intesa Vita will be held by Gruppo Intesa, another 45% by Gruppo Generali through Alleanza Assicurazioni, while the remaining 10% by Credit Agricole.

### **Italian Banks Division**

The Intesa Group is also present in Italy through some banking subsidiaries accounting for approximately 1.5 million clients and 900 branches.

The Italian Banks Division includes Banca di Trento e Bolzano S.p.A. – “BTB” (69 branches and nearly 70,000 customers as of 31st March, 2003), Cassa di Risparmio di Parma e Piacenza S.p.A. – “Cariparma” (294 branches and around 600,000 customers), Banca Popolare FriulAdria – “FriulAdria” (156 branches and nearly 200,000 customers), Cassa di Risparmio di Biella e Vercelli – “Biverbanca” (96 branches and 150,000 customers) and other saving banks in central Italy (CR Terni e Narni, CR Rieti, CR Viterbo, CR Spoleto, CR Foligno, CR Citta di Castello and CR Ascoli Piceno) controlled by Intesa Holding Centro (259 branches and around 500,000 customers).

### **Corporate Division**

The Corporate Division has over 18,000 clients and 50 corporate centres in charge of: a) Italian and international large corporate groups, b) large mid corporate customers, c) the relationship with the State and the public administration, d) the relationship with financial institutions and e) the supervision of the parent company's foreign branches and representative offices. Banca Intesa operates 6 foreign branches located in China, Grand Cayman, Japan, Hong Kong, the United Kingdom (London) and the United States (New York) and has 14 representative offices located in Argentina, Australia, Belgium, China, Egypt, the Federal Republic of Yugoslavia, Greece, India, Iran, Lebanon, Poland, Russia, South Korea, Turkey.

The corporate banking services provided include the acceptance of deposits, granting overdraft facilities, bills and receivables discounting, export/import financing, making advances on contracts and invoices, medium and long-term loans, leasing, factoring, foreign exchange spot and forward transactions and money market instruments, cash management and payroll and other electronic payment systems. Other services include corporate finance, financial advisory in connection with



mergers and acquisitions, corporate valuations and restructurings, management and leverage buy-outs, private equity activities with investments in industrial and commercial corporations, credit derivatives, derivatives trading and loan syndication.

The Intesa Group's investment banking activities include capital and money market services, corporate derivatives and securities trading conducted through Caboto Sim S.p.A. which is Intesa Group Securities House as an approved stockbroking firm (Societa di Intermediazione Mobiliare or Sim).

In November 2002, a strategic alliance has been set up with Lazard LLC in order to develop jointly services in the field of mergers and acquisitions advisory to large corporate customers in Italy.

### **Foreign Banks Division**

The Intesa Group conducts its international activities also through majority-owned subsidiaries and affiliated or associated companies. The Foreign Banks Division has around 1,000 branches and 3,5 million customers.

In Latin America, the Intesa Group operates through Banque Sudameris S.A. (located in Paris and operating through subsidiaries and branches in Peru, Paraguay, Colombia, Uruguay, Chile and Panama) and Banco Sudameris Brasil (operating in Brazil). The Sudameris Group operates through a network of 191 branches and approximately 300,000 customers and Banco Sudameris Brasil through 434 branches and 1 million customers.

In Central and Eastern Europe, the Intesa Group owns Central-European International Bank – CIB, which has on 44 branches in Hungary and 153,000 customers and is specialised in providing financial services to corporate customers, Privredna Bank Zagreb – PBZ, which has 195 branches and 824,000 customers providing retail and commercial banking services throughout Croatia and Vseobecna Uverova Banka – VUB, which has a commercial network made up of approximately 235 branches located all over Slovakia with over 1.1 million customers.

### **PRODUCT COMPANIES**

The Product Companies' mission is to support the growth of the Business Divisions and exploit new market opportunities. The Intesa Group's Product Companies include Banca Intesa Mediocredito which has a leading position in Italy in medium and long-term lending and in financing the development of small and medium-sized enterprises, Banca CIS S.p.A. which is 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 operating in the leasing business, Intesa Mediofactoring S.p.A. which has a leading position in the factoring business in Italy and Setefi S.p.A., which manages electronic payment systems.

### **CENTRAL FUNCTIONS**

Intesa Sistemi e Servizi S.p.A. provides centralised back-office functions, information technology and communications to the Intesa Group and Intesa Gestione Crediti S.p.A. is specialised in the management of non-performing loans of the Group.

## BANCA INTESA'S MANAGEMENT AND VOTING SYNDICATE

The management of Banca Intesa is divided between two governing bodies as provided by its By-laws (Statuto): the Board of Directors and the Executive Committee (which operates under the delegated authority of the Board of Directors). The By-laws also provide for certain functions to be performed by the General Management composed of a General Manager, assisted, if appointed, by Joint General Managers and one or more Deputy General Managers, who are expected to implement the decisions taken by the Board of Directors, the Executive Committee and the Managing Directors and Chief Executive Officers. In accordance with Italian law, the By-laws of Banca Intesa also provide for a Statutory Board of Auditors to be elected by the shareholders.

On 17th December, 2002, Banca Intesa's Ordinary Shareholders' Meeting chaired by Giovanni Bazoli, set to 25 the number of members which make up the Board of Directors and appointed René Carron, Antoine Bernheim and Giovanni Perissinotto as Directors, also following the resignation of Gianfranco Guty and Christian Merle. On 22nd July, 2003, Banca Intesa's Board of Directors co-opted Mariano Riestra as Director and Member of the Executive Committee, following the resignation of Axel Freiherr von Ruedorffer.

As a consequence, the composition of the Board of Directors of Banca Intesa is the following:

### Board of Directors

<b>Position</b>	<b>Name and Surname</b>
<i>Chairman</i>	Giovanni Bazoli*
<i>Deputy Chairmen</i>	Giampio Bracchi* Jean Laurent Luigi Lucchini
<i>Managing Director and CEO</i>	Corrado Passera*
<i>Directors</i>	Giovanni Ancarani Francesco Arcucci Marc Antoine Autheman Benito Benedini Antoine Berheim Renè Carron Alfonso Desiata Ariberto Fassati* Giancarlo Forestieri* Paolo Fumagalli Jorge Manuel J. Gonçalves Gilles Gramat Franco Modigliani Giangiacomo Nardozi Eugenio Pavarani Giovanni Perissinotto Mariano Riestra* Sandro Salvati Eric Strutz Gino Trombi

\* Member of the Executive Committee.

Each member of the Board of Directors remains in office for a maximum of three financial years and may be re-elected for consecutive terms and their office may be revoked at any time by a vote of the shareholders in a general meeting. If the number of Directors decreases by more than one half of those

Directors elected by shareholders in general meeting, the By-laws provide for the automatic dissolution of the entire Board and the calling of a general meeting to elect new members.

The Board of Directors is obliged to meet at least every two months and such meetings may be convened at any time by the Chairman.

The shareholders set the Directors' remuneration for the duration of each three-year term at the general meeting when the Directors are elected.

### **Executive Committee**

Banca Intesa's By-laws provide that the Board of Directors is required to appoint an Executive Committee composed of between five and ten members. Members of the Executive Committee hold office for a period set by the Board of Directors. The Chairman of the Board and the Managing Directors and Chief Executive Officers, if appointed, are automatically members of the Executive Committee. The Board of Directors determines the frequency of Executive Committee meetings, as well as its powers, responsibilities and working methods.

The Executive Committee is composed of Messers Bazoli, Bracchi, Passera, Fassati, Forestieri, Riestra.

### **General Management**

General Management consists of one or more General Managers, and, if appointed, one or more Deputy General Managers.

Taking account of their respective functions and responsibilities, these officers will implement the decisions taken by the Board of Directors, the Executive Committee and the Chief Executive Officer or the Chief Executive Officers, if appointed, as well as those taken urgently by the Chairman. The current General Manager of Banca Intesa is Roberto Brambilla.

### **Statutory Board of Auditors**

Pursuant to Italian law, the shareholders must appoint a Statutory Board of Auditors (Collegio Sindacale) which is composed of five regular statutory auditors and two alternate statutory auditors. In the process of implementation of Legislative Decree No. 58 of 24th February, 1998 (the "Consolidated Financial Services Act"), Banca Intesa amended its By-laws providing for the right of its minority shareholders to appoint two members of the Statutory Board of Auditors. The amendment entitles each shareholder or group of shareholders, owning at least 2% of the share capital, to propose lists of candidates to be appointed to the Statutory Board of Auditors. In the event that such lists are presented, two members of the Statutory Board of Auditors, out of five, will be appointed by the minority shareholders of Banca Intesa.

The Statutory Board of Auditors is responsible, *inter alia*, for overseeing management and verification of compliance in accordance with applicable Italian law and Banca Intesa's By-laws. The Statutory Board of Auditors is also responsible for ensuring that Banca Intesa's organisation, internal auditing and accounting system are adequate and reliable. The accounts of Banca Intesa must also be audited by external auditors.

The members of the Board of Statutory Auditors must be present at the Board of Directors' meetings and shareholders' meetings, and may attend the meetings of Banca Intesa's Executive Committee. They remain in office for a three-year term and may be re-elected for consecutive terms and removed (only for cause) upon court approval. The Statutory Board of Auditors must meet at least once every three months.

The Shareholders' Meeting held on 30th April, 2002, also renovated the Board of Statutory Auditors for the three-year term 2002/2004.

The following table sets forth the names and positions of the current members of the Statutory Board of Auditors of Banca Intesa:

<b>Position</b>	<b>Name and Surname</b>
<i>Chairman</i>	Gianluca Ponzellini
<i>Auditors</i>	Francesco Paolo Beato Paolo Andrea Colombo Franco Dalla Sega Bruno Rinaldi
<i>Alternate Auditors</i>	Paolo Giolla Carlo Sarasso

In accordance with applicable Italian regulations the accounts of Banca Intesa must be audited by external auditors appointed by the shareholders at an ordinary general meeting. The appointment must be approved by the statutory Board of Auditors. Public companies may not appoint the same independent auditors for more than three consecutive three-year terms. The Shareholders' Meeting renewed the appointment of the auditing company, Reconta Ernst & Young Spa, for the 2003-2005 three-year period.

### **Employees**

As of 31st March, 2003 the Intesa Group employed 71,052 people.

### **Principal Shareholders and Shareholders' Agreement**

Certain major shareholders (the "Syndicated Shareholders" or "Syndicate") of Banca Intesa are parties to a shareholders' agreement (the "Shareholders' Agreement") to govern their shareholdings in Banca Intesa and which provides for, *inter alia*, the establishment of a voting syndicate. As of 1st July, 2003 the Syndicated Shareholders held shares representing 38.91% of the ordinary shares of Banca Intesa (the "Syndicated Shares"). The Syndicated Shares are the subject of the Shareholders' Agreement. Certain of the Syndicated Shareholders hold ordinary shares in Banca Intesa in addition to the Syndicated Shares. The Shareholders' Agreement is designed to ensure continuity and stability of management policies regarding Banca Intesa and its subsidiaries and to guarantee the Intesa Group's independence and managerial autonomy in the longer term.

None of the parties to the Shareholders' Agreement may individually control Banca Intesa.

The Syndicate operates through:

- the Chairman, elected by the Management Committee of the Syndicate;
- the General Meeting, comprising representatives of the parties in the Syndicate which meets to consider any matter of common interest relating to the management of Banca Intesa and its subsidiaries;
- the Management Committee of the Syndicate, composed of the relevant number of members equal to the number of parties comprising the Syndicate. The Management Committee establishes group budget, policies and strategies, financial reporting and dividend policies and considers mergers, changes to Banca Intesa's Bye-laws, acquisitions and divestments of controlling interests and of financially or strategically significant businesses and all other decisions or matters affecting Banca Intesa and its subsidiaries.

The Management Committee of the Syndicate appoints the Chairman, the Managing Directors and Chief Executive Officers and/or the General Managers and Chief Operating Officers of Banca Intesa and the Chairmen, the General Managers and the Managing Directors and Chief Executive Officers of its principal subsidiaries.

Syndicate members planning to divest their holdings outside the Syndicate must first offer them to the Management Committee, fully disclosing the details of the proposed terms of sale. By a simple majority, the Management Committee may decide to exercise a pre-emptive right to acquire the shares on behalf of its members (in the established syndicate proportions) or of external parties. Should the Management Committee decide not to exercise this right, the selling member is entitled to divest the shares outside the Syndicate, provided that the terms of sale are as originally reported to the Committee. The admission of the transferee to the Syndicate is at the discretion of the Management Committee.

The Shareholders' Agreement was automatically renewed on 15th April, 2002 for a three-year period, since no notice was given six months prior to the expiry of the previous three-year period.

As of 1st July, 2003 the Syndicated Shareholders held the following number of Syndicated Shares:

<b><i>Shareholder</i></b>	<b><i>% of ordinary share capital</i></b>
Caisse Nationale de Crédit Agricole	14.12
Fondazione Cariplo	8.63
Gruppo Generali	5.49
Fondazione Cariparma	4.10
Gruppo Lombardo	3.34
Gruppo Commerzbank	3.23
<b>Total</b>	<b>38.91</b>

## RECENT DEVELOPMENTS

On 16th April, 2003 Banca Intesa's Board of Directors accepted a binding offer from Banco ABN Amro Real SA for the purchase of 94.57% of the capital of Banco Sudameris Brasil. Banca Intesa is due to receive BRL 527 million (EUR 158.1 million, at the exchange rate of EUR 1.00=BRL 3.33 as at 15th April, 2003) in cash and BRL 1,766 million (EUR 529.8 million) in shares of Banco ABN AMRO Real, representing a stake of approximately 12.9% of the new entity. Banca Intesa is entitled to exercise a put option giving it the right to convert its stake in Banco ABN AMRO Real into shares of the latter's Parent Company ABN AMRO Bank. This sale implies an increase of approximately 30 basis points in Banca Intesa's consolidated Tier 1 Ratio. The share purchase agreement was signed on 13th June, 2003.

On 13th May, 2003 Banca Intesa's Board of directors accepted a binding offer from Banco del Desarrollo for Banque Sudameris S.A.'s operations in Chile. According to the proposal, Gruppo Intesa is due to receive a counter value approximately equal to the book value of said operations (about USD 30 million) in newly-issued shares of Banco del Desarrollo, representing approximately 16% of Banco del Desarrollo's share capital. A mechanism of gradual monetization of these shares is envisaged, under which Gruppo Intesa is due to receive at least 30% of the agreed equivalent in cash by 31st December, 2003.

On 27th May, 2003 the final agreement relevant to the merger between Banco Sudameris Argentina and Banco Patagonia was signed in Buenos Aires. The new entity resulting from the merger, called Banco Patagonia-Sudameris, is controlled by the current shareholders of Banco Patagonia, whilst Banca Intesa retains a 19.95% minority stake with a carrying value of 11 million euro.

On 24th June, 2003 the Boards of Directors of Banca Intesa and Alleanza Assicurazioni (Generali Group) approved the procedures for bringing all together their bancassurance activities in a new company that will be named Intesa Vita; in addition, Generali Group and Intesa Group, in the framework of a long-standing co-operation, launched an important strategic partnership in the Personal Financial Services, establishing an entity that will be the third largest in the sector.

On the same day, Banca Intesa's Board of Directors approved a spin-off of real estate assets aimed at capitalizing on the Bank's properties no longer devoted to operating use and made available in compliance with the realization of space occupancy optimisation set out in the Business Plan. The operation refers to around 400 real estate assets of over 600,000 square meters for a book value of approximately 450 million euro.



## SUMMARY CONSOLIDATED FINANCIAL STATEMENTS OF BANCA INTESA S.p.A.

The following financial information has been extracted from the Consolidated Financial Statements of Banca Intesa as at 31st March, 2003 and from the Consolidated Financial Statements for the year ended 31st December, 2002, which are in each case incorporated by reference herein and should be read in conjunction herewith.

The Quarterly Report as at 31st March, 2003 was prepared in compliance with Article 82 of CONSOB Regulations approved with Resolution 11971 of 14th May, 1999 and Amendments and reflects, on a consolidated basis, the financial statements of Banca Intesa and of its banking, financial and auxiliary subsidiaries.

The Consolidated Financial Statements of Banca Intesa as at 31st March, 2002 and 31st December, 2002 have been restated in order to make them comparable to the Consolidated Financial Statements as at 31st March, 2003.

The Consolidated Financial Statement as at 31st December, 2002 have been prepared in compliance with the Provisions contained in Legislative Decree 87 of 27th January, 1992 and in the instructions of the Governor of the Bank of Italy of 30th July, 2002.

### CONSOLIDATED BALANCE SHEET

	31/03/03	31/12/02 <sup>(1)</sup>	Changes	
			Amount	Percentage
<b>ASSETS</b>				
<i>(in millions of euro)</i>				
Cash and deposits with central banks and post offices .. .. .	1,382	1,667	(285)	(17.1)
Loans to customers .. .. .	165,201	168,259	(3,058)	(1.8)
Loans due from banks .. .. .	32,904	30,534	2,370	7.8
Trading portfolio .. .. .	29,435	28,159	1,276	4.5
Investment Portfolio .. .. .	8,041	8,088	(47)	(0.6)
Equity investments .. .. .	3,935	3,703	232	6.3
Tangible and intangible .. .. .	4,754	4,961	(207)	(4.2)
Goodwill arising on consolidation .. .. .	707	733	(26)	(3.5)
Goodwill arising on application of the equity method .. .. .	146	54	92	n.m. <sup>(2)</sup>
Other assets .. .. .	35,531	34,412	1,119	3.3
<b>Total assets .. .. .</b>	<b>282,036</b>	<b>280,570</b>	<b>1,466</b>	<b>0.5</b>

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

(2) "n.m." means "not meaningful" in the Consolidated Balance Sheet of the Intesa Group set out above.

	<u>31/03/03</u>	<u>31/12/02<sup>(1)</sup></u>	<u>Changes</u>	
			<i>Amount</i>	<i>Percentage</i>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<i>(in millions of euro)</i>				
Due to customers and public funds under administration .. .. .	114,378	112,952	1,426	1.3
Securities issued .. .. .	55,536	56,671	(1,135)	(2.0)
Due to banks .. .. .	44,297	45,252	(955)	(2.1)
Allowances with specific purpose .. .. .	5,657	5,416	241	4.4
Other liabilities .. .. .	36,093	33,853	2,240	6.6
Allowance for possible loan losses .. .. .	51	50	1	2.0
Subordinated liabilities .. .. .	11,442	11,649	(207)	(1.8)
Minority interests .. .. .	783	776	7	0.9
Share capital, reserves and reserve for general banking risks .. .. .	13,456	13,721	(265)	(1.9)
Negative goodwill arising on consolidation .. .. .	29	29	-	-
Negative goodwill arising on application of the equity method .. .. .	1	1	-	-
Net income for the period .. .. .	313	200	113	56.5
<b>Total liabilities and shareholders' equity .. .. .</b>	<b><u>282,036</u></b>	<b><u>280,570</u></b>	<b><u>1,466</u></b>	<b><u>0.5</u></b>

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

## CONSOLIDATED STATEMENT OF INCOME

	31/03/03	31/03/02 <sup>(*)</sup>
	(in millions of euro)	
Net Interest income .. .. .	1,377	1,496
Income from investments carried at equity and dividends .. .. .	45	31
<b>Interest margin.. .. .</b>	<b>1,422</b>	<b>1,527</b>
Net commissions .. .. .	804	855
Profits (losses) on financial transactions .. .. .	194	94
Other operating income, net .. .. .	94	117
<b>Net interest and other banking income .. .. .</b>	<b>2,514</b>	<b>2,593</b>
Administrative costs .. .. .	(1,431)	(1,607)
<i>Including payroll .. .. .</i>	<i>(895)</i>	<i>(987)</i>
<i>Including other administrative costs .. .. .</i>	<i>(536)</i>	<i>(620)</i>
Adjustments to fixed assets and intangibles .. .. .	(162)	(166)
<b>Operating costs.. .. .</b>	<b>(1,593)</b>	<b>(1,773)</b>
<b>Operating margin .. .. .</b>	<b>921</b>	<b>820</b>
Adjustments to goodwill arising on consolidation and on application of equity method .. .. .	(32)	(23)
Provisions for risks and charges .. .. .	(38)	(62)
Net adjustments to loans and provisions for possible loan losses .. .. .	(284)	(196)
Net adjustments to financial fixed assets .. .. .	(33)	(12)
<b>Income (loss) from operating activities .. .. .</b>	<b>534</b>	<b>527</b>
Extraordinary income (loss) .. .. .	30	239
Income taxes for the period .. .. .	(233)	(317)
Changes in the reserve for general banking risks and other allowances ..	2	2
Minority interests .. .. .	(20)	(26)
<b>Net income for the year .. .. .</b>	<b>313</b>	<b>425</b>

(\*) Figures restated on a consistent basis, considering changes in the consolidation area.

## ECONOMIC AND FINANCIAL RATIOS

	31/03/03	31/03/02 <sup>(1)</sup>
	%	
<b>Balance Sheet ratios</b>		
Loans to customers/total assets .. .. .	58.6	56.4
Securities/total assets .. .. .	13.3	16.6
Direct customer deposits/total assets .. .. .	64.3	58.5
Managed funds/indirect customer deposits .. .. .	42.5	43.3
<b>Statement of Income ratios</b>		
Interest margin/Net interest and other banking income .. .. .	56.6	58.9
Net commissions/Net interest and other banking income .. .. .	32.0	33.0
Operating costs/ Net interest and other banking income .. .. .	63.4	68.4
Net income for the year/Average total assets (ROA)-annualized <sup>(2)</sup> .. .. .	0.4	0.5
Net income for the year/Average shareholders' equity (ROE)- annualized <sup>(3)</sup> ..	9.7	12.0
<b>Risk ratios</b>		
Net doubtful loans/total loans .. .. .	3.2	3.0
Accrued adjustments on doubtful loans/Gross doubtful loans to customers ..	62.7	60.0
<b>Capital Ratios</b>		
Tier 1 capital/risk-weighted assets .. .. .	6.8	6.3
Total capital/risk-weighted assets .. .. .	11.2	9.7
Risk-weighted assets ( <i>in millions of euro</i> ).. .. .	198,857	239,905

(1) Figures restated on a consistent basis.

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

(3) Net income for the period, excluded the change in the reserve for general banking risks divided by the weighted average of share capital, share premium reserve, revaluation reserves, reserves from retained earnings, and the reserve for general banking risks.

The firm actions taken to reduce costs effectively faced revenue weakness due to the still unfavourable financial market trend. These actions led to a 12.3% increase in operating margin which was up to 921 million euro in the first quarter of 2003 compared to 820 million of the first quarter of 2002, with a marked improvement in cost/income ratio which dropped to 63% from 68% of the corresponding period of 2002. Consolidated net income amounted to 313 million euro, after provisions for 355 million euro. Capital ratios have continued to improve: as at 31st March, 2003 the Core Tier 1 ratio rose to 6%.

The 2003 first quarter consolidated statement of income recorded an interest margin which equalled 1,422 million euro, down by 6.9% compared to 1,527 million euro for the first quarter of 2002; net of foreign exchange effects from the South American currencies, the decrease rate would have been slightly over 3%. Net commissions showed a 6% decline to 804 million euro from 855 million euro due to the contraction in commissions from brokerage (-32%) and asset management (-22%), not offset by the positive trend of commercial banking activities (+8%). Profits on financial transactions increased to 194 million euro compared to 94 million in the corresponding quarter of 2002. On the whole, net interest and other banking income totalled 2,514 million euro, down by 3% compared to 2,593 million euro in the first quarter of 2002; net of foreign exchange effects, this would result in an 0.5% increase.

Total operating costs amounted to 1,593 million euro, down by 10.2% compared to 1,773 million euro in the first quarter of 2002; net of foreign exchange effects, the decrease rate would equal 6.9%. As part of it, personnel costs declined by 9.3% (net of foreign exchange effects, by 6.6%); other administrative costs went down by 13.5% (net of foreign exchange effects, by 9.6%); depreciations and amortisations decreased by 2.4% (net of foreign exchange effects, this would mean a 1.3% increase).

As a result, operating margin increased to 921 million euro, up by 12.3% compared to 820 million euro of the first quarter of 2002; net of foreign exchange effects, the increase rate would equal 16.6%.

Total provisions and net value adjustments (excluding goodwill amortisation) amounted to 355 million euro, compared to 270 million euro in the first quarter of 2002: 67 million euro were due to Latin America and 21 million euro to the write-down of the stake in Bayerische Hypo-Vereinsbank.

Therefore, ordinary income increased to 534 million euro, up by 1.3% compared to 527 million euro in the first quarter of 2002; net of foreign exchange effects, the increase rate would equal 3.9%.

Extraordinary items resulted in a 30 million euro net income, compared to 239 million euro in the corresponding quarter of 2002. Extraordinary income included 25 million euro from the sale of IntesaBci Bank Suisse and 6 million euro from the mark to market of the treasury shares held by Banca Intesa.

Due to lower extraordinary income, the quarter closed with a consolidated net income of 313 million euro, compared to 425 million euro in the first quarter of 2002, with the Parent Company's net income at 253 million euro compared to 401 million euro in the corresponding period of 2002.

With regard to consolidated balance sheet figures as at 31st March, 2003, loans to customers amounted to 165 billion euro, down by 1.8% with respect to 31st December, 2002 and by 7.8% with respect to 31st March, 2002. This decline is mainly due to the decision to reduce exposure to Large Corporates and, when comparison is drawn with the 2002 first quarter, also to the securitization transaction of approximately 2 billion euro of residential mortgage loans. Customer deposits under administration amounted to 472 billion euro, down by 1.8% with respect to 31st December, 2002 and by 7.5% with respect to 31st March, 2002. At the end of the first quarter of 2003, Gruppo Intesa's operating structure was made up of 4,293 branches – of which 3,251 were in Italy and 1,042 abroad – and 71,052 employees, 336 less than at 31st December, 2002.

**SELECTED CONSOLIDATED FINANCIAL INFORMATION OF THE INTESA GROUP  
AS AT 31ST MARCH, 2003 AND 31ST DECEMBER, 2002**

The following tables provide a breakdown of the lending activities and show the composition of the deposits of the Intesa Group as at 31st March, 2003 compared to the same financials as at 31st December, 2002.

The following financial information has been extracted from the Consolidated Financial Statements of Banca Intesa as at 31st March, 2003 which is in each case incorporated by reference herein and should be read in conjunction herewith.

The Consolidated Financial Statements of Banca Intesa as at 31st December, 2002 have been restated in order to make them comparable to the Consolidated Financial Statements as at 31st March, 2003.

**LENDING ACTIVITY**

**Analysis of loans to customers, by type of facility**

	<i>31/03/03</i>	<i>31/12/02<sup>(1)</sup></i>
	<i>(in millions of euro)</i>	
Current accounts .. .. .	24,804	24,604
Mortgages .. .. .	59,982	57,090
Advances and other loans .. .. .	70,424	77,760
Repurchase agreements .. .. .	4,712	3,457
Doubtful loans .. .. .	5,279	5,348
<b>Total loans</b> .. .. .	<b>165,201</b>	<b>168,259</b>

**Analysis of credit quality**

	<i>31/03/03</i>	<i>31/12/2002<sup>(1)</sup></i>
	<i>(in millions of euro)</i>	
Doubtful loans .. .. .	5,279	5,348
Substandard loans.. .. .	4,216	4,264
Restructured loans and loans under restructuring .. .. .	333	281
Loans subject to Country risk .. .. .	668	698
Performing loans .. .. .	154,705	157,668
<b>Total loans</b> .. .. .	<b>165,201</b>	<b>168,259</b>

Notes

(1) Figures restated on a consistent basis.



## Country risk

Country	31/03/03			31/12/02 <sup>(1)</sup>				
	Non-guaranteed exposure	Value at risk	Adjustment	(in millions of euro)		Value at risk	Adjustment	Net Amount
				Net guaranteed Amount	Non-guaranteed exposure			
Brazil .. .. .	827	265	90	<b>737</b>	851	267	91	<b>760</b>
Peru .. .. .	147	135	27	<b>120</b>	55	46	9	<b>46</b>
Colombia .. .. .	77	26	6	<b>71</b>	82	31	7	<b>75</b>
Argentina .. .. .	194	194	116	<b>78</b>	253	216	129	<b>124</b>
Deutch Antilles .. .. .	38	16	3	<b>35</b>	49	26	5	<b>44</b>
Lebanon .. .. .	46	8	2	<b>44</b>	42	7	2	<b>40</b>
Venezuela .. .. .	3	3	1	<b>2</b>	3	3	1	<b>2</b>
Russia .. .. .	23	22	4	<b>19</b>	24	23	4	<b>20</b>
Jordan .. .. .	8	1	-	<b>8</b>	14	5	1	<b>13</b>
Egypt .. .. .	31	16	3	<b>28</b>	22	11	2	<b>20</b>
Uruguay .. .. .	9	4	1	<b>8</b>	10	4	1	<b>9</b>
Indonesia .. .. .	3	3	1	<b>2</b>	3	3	1	<b>2</b>
Other countries .. .. .	111	59	16	<b>95</b>	94	52	16	<b>78</b>
<b>Total .. .. .</b>	<b>1,517</b>	<b>752</b>	<b>270</b>	<b>1,247</b>	<b>1,502</b>	<b>694</b>	<b>269</b>	<b>1,233</b>

Including:

### On-balance sheet exposures

Loans to customers .. .. .	753	270	85	<b>668</b>	788	289	90	<b>698</b>
<i>Due from banks</i> .. .. .	318	192	51	<b>267</b>	266	131	52	<b>214</b>
<i>Securities</i> .. .. .	127	127	68	<b>59</b>	132	132	72	<b>60</b>

### Off-balance sheet exposures

Loans to customers .. .. .	103	52	18	<b>85</b>	98	52	18	<b>80</b>
<i>Due from banks</i> .. .. .	216	111	48	<b>168</b>	218	90	37	<b>181</b>

## Securities

	31/03/03	31/12/02 <sup>(1)</sup>
	(in millions of euro)	
Investment Portfolio .. .. .	8,041	8,088
Trading Portfolio .. .. .	28,771	27,178
Own Shares .. .. .	664	981
<b>Total .. .. .</b>	<b>37,476</b>	<b>36,247</b>

Notes

(1) Figures restated on a consistent basis.

## FUNDING ACTIVITY

### Customer funds

	31/03/03	31/12/02 <sup>(1)</sup>
	(in millions of euro)	
Deposits .. .. .	11,479	11,584
Current accounts and other .. .. .	83,805	87,091
Bonds .. .. .	45,434	44,920
Certificates of deposit .. .. .	8,993	10,330
Other .. .. .	5,415	5,263
Repurchase agreements .. .. .	14,788	10,435
Subordinated and perpetual liabilities .. .. .	11,442	11,649
<b>Total direct deposits .. .. .</b>	<b>181,356</b>	<b>181,272</b>
Indirect deposits .. .. .	290,566	299,460
<b>Total deposits under administration .. .. .</b>	<b>471,922</b>	<b>480,732</b>

### Subcaptions

	31/03/03	31/12/02 <sup>(1)</sup>	Changes	%
	(in millions of euro)			
<b>Net interbank position .. .. .</b>	<b>(11,393)</b>	<b>(14,718)</b>	<b>(3,325)</b>	<b>(22.6)</b>

### Indirect deposits

	31/03/03	31/12/02 <sup>(1)</sup>
	(in millions of euro)	
Individual portfolio management schemes .. .. .	49,997	50,417
Assets managed by mutual funds .. .. .	87,738	88,745
Insurance products .. .. .	17,328	16,579
<i>Deducted:</i>		
<i>Funds from individual portfolios placed in mutual funds .. .. .</i>	(31,485)	(31,964)
<b>Total managed funds.. .. .</b>	<b>123,578</b>	<b>123,777</b>
Assets under administration and in custody .. .. .	166,988	175,683
<b>Total indirect deposits .. .. .</b>	<b>290,566</b>	<b>299,460</b>

Notes

(1) Figures restated on a consistent basis.

## INTESA BANK OVERSEAS LTD

### CAPITALISATION AND INDEBTEDNESS OF IBOL

The following table sets out the capitalisation and indebtedness of IBOL as at 31st December, 2002, and 31st March, 2003, and is derived from the audited unconsolidated financial statements of IBOL as at 31st December, 2002 and the unaudited unconsolidated financial statements of IBOL as at 31st March, 2003, respectively. Save as described in the footnote to the following table, there has been no material change in the capitalisation and indebtedness of IBOL since 31st March, 2003.

IBOL's financial statements have been prepared in accordance with International Accounting Standards and are stated in United States Dollars.

The table below sets forth the capitalisation of IBOL:

	<i>As at</i> 31/12/03 <i>(millions of US\$)</i>	<i>As at</i> 31/12/02 <i>(millions of US\$)</i>
<b>Long Term Subordinated Debt</b> .. .. .	1,251.62	1,224.93
<b>Shareholders' equity</b>		
Share capital .. .. .	10.00	10.00
Authorised share capital 10,000,000 Ordinary Shares of US\$1.00 each .. .. .		
<b>Reserves</b>		
Retained earnings .. .. .	1.66	1.67
<b>Total shareholders' equity</b> .. .. .	11.66	11.67
<b>Total Capitalisation<sup>(1)</sup></b> .. .. .	1,263.28	1,236.60

(1) Apart from the changes disclosed in the Offering Circular, there has been no material change in the capitalisation of the IBOL since 31st March, 2003

### INTESA BANK OVERSEAS LTD.

IBOL, a wholly owned subsidiary of Banca Intesa, was incorporated under the name of Ambroveneto International Bank Ltd. as an exempted company in the Cayman Islands on 18th February, 1994 with unlimited duration and limited liability. IBOL's registration number is 52665 with the Registrar of Companies. Pursuant to a special resolution passed on 10th March, 1999, the name of IBOL was changed to Intesa Bank Overseas Ltd. The Certificate of Incorporation On Change Of Name for IBOL was issued on 15th March, 1999. IBOL has been granted a category "B" banking licence under the Banks and Trust Companies Law, 1989 of the Cayman Islands. The authorised share capital of IBOL is US\$ 10,000,000 divided into 10,000,000 shares of US\$ 1.00 each, all of which are in issue and credited as fully paid.

The primary activity of IBOL is to facilitate the offshore banking activities of its parent company and has received a specific authorisation from the Bank of Italy to operate as a "borrowing vehicle" for the Banca Intesa Group. IBOL does not have any employees.

IBOL is managed by its Board of Directors, consisting of:

Vincenzo La Via .. .. .	Chairman
Richard Austin .. .. .	Director
Poliuto Boaretto .. .. .	Director
Sandro Cocco .. .. .	Director
Andrew Galloway .. .. .	Director
Roberto Ranieri .. .. .	Director

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

The registered office of IBOL is at: Coutts House, 1446 West Bay Road, P.O. Box 707GT, Grand Cayman, Cayman Islands.

### Activity

As at 31st December, 2002 IBOL had four subordinated note issues outstanding, all of them guaranteed on a subordinated basis by Banca Intesa. The proceeds from the issue of the notes were loaned to the parent company.

### FINANCIAL STATEMENTS OF INTESA BANK OVERSEAS LTD. AS AT 31 DECEMBER, 2001 AND 2002

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

<b>ASSETS</b>	<i>As at 31st December,</i>	
	<i>2002</i>	<i>2001</i>
	<i>(expressed in US\$)</i>	
Bank balances .. .. .	10,428,321	10,540,675
Accrued interest receivable .. .. .	7,965,485	7,307,712
Prepaid expenses .. .. .	1,700	1,700
Unamortized bonds, notes and loan issue expenses .. .. .	5,633,784	6,728,310
Loans to parent company .. .. .	1,224,927,490	1,068,164,067
<b>Total Assets</b> .. .. .	<u>1,248,956,780</u>	<u>1,092,742,464</u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<i>As at 31st December</i>	
	<i>2002</i>	<i>2001</i>
	<i>(expressed in US\$)</i>	
<b>Liabilities</b>		
Accrued expenses .. .. .	14,000	14,000
Accrued interest payable .. .. .	7,922,243	7,268,663
Unamortized commission income .. .. .	4,429,767	5,288,007
Bonds and notes payable .. .. .	1,224,927,490	1,068,164,067
<b>Total Liabilities</b> .. .. .	<u>1,237,293,500</u>	<u>1,080,734,737</u>
<b>Shareholder's Equity</b>		
Share Capital 10,000,000 shares of US\$ 1.00 par value, authorised; 10,000,000 share issued and fully paid .. .. .	10,000,000	10,000,000
Retained earnings .. .. .	1,663,280	2,007,727
<b>Total Shareholder's Equity</b> .. .. .	<u>11,663,280</u>	<u>12,007,727</u>
<b>Total Liabilities and Shareholder's Equity</b> .. .. .	<u>1,248,956,780</u>	<u>1,092,742,464</u>

**STATEMENTS OF INCOME AND RETAINED EARNINGS**

*For the year ended  
31st December,  
2002                      2001  
(expressed in US\$)*

<b>Interest and other income:</b>			
Interest on loans to parent company .. .. .		40,962,761	56,729,745
Amortization of commission income .. .. .		858,240	858,240
Amortization of discount on loans .. .. .		564,712	564,713
Interest on bank balances .. .. .		186,352	497,522
<b>Total interest and other income .. .. .</b>		<u>42,572,065</u>	<u>58,650,220</u>
<b>Interest and other expenses:</b>			
Interest on bonds, notes and loan payable .. .. .		40,736,665	56,512,677
Amortization of bonds, notes and loan issue expenses .. .. .		1,094,526	1,094,526
Amortization of discount on bonds .. .. .		564,712	564,713
Other bond and note expenses .. .. .		4,314	2,617
<b>Total interest and other expenses .. .. .</b>		<u>42,400,217</u>	<u>58,174,533</u>
<b>Net interest and other income .. .. .</b>		<u>171,848</u>	<u>475,687</u>
<b>Operating expenses</b>			
Management fees .. .. .		41,950	35,175
Annual licence fees .. .. .		69,512	18,293
Legal and Professional fees .. .. .		36,538	44,586
Miscellaneous .. .. .		3,105	1,935
Company registration fees .. .. .		2,400	2,400
Secretarial fees .. .. .		1,700	1,450
<b>Total operating expenses .. .. .</b>		<u>155,205</u>	<u>103,839</u>
<b>Foreign Exchange Loss .. .. .</b>		<u>6,787</u>	<u>(3,971)</u>
<b>Net Income .. .. .</b>		<u>23,430</u>	<u>367,877</u>
<b>Retained Earnings, beginning of the year .. .. .</b>		<u>2,007,727</u>	<u>2,211,847</u>
<b>Dividends paid .. .. .</b>		<u>(367,877)</u>	<u>(571,997)</u>
<b>Retained Earnings, end of the year .. .. .</b>		<u>1,663,280</u>	<u>2,007,727</u>

**STATEMENTS OF CASH FLOWS**

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

<b>Cash flows from operating activities:</b>		
Net income	23,430	367,877
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortisation of commission income .. .. .	(858,240)	(858,240)
Amortisation of discount on loans .. .. .	(564,712)	(564,713)
Amortisation of bonds, notes and loan issue expenses .. .. .	1,094,526	1,094,526
Amortisation of discount on bonds .. .. .	564,712	564,713
Net changes in operating assets and liabilities:		
Accrued interest receivable .. .. .	(657,773)	6,452,201
Prepaid expenses .. .. .	-	(1,700)
Accrued expenses .. .. .	-	13,900
Accrued interest payable .. .. .	653,580	(6,448,198)
<b>Net cash provided by operating activities</b> .. .. .	<b>255,523</b>	<b>620,366</b>
<b>Investing activities:</b>		
Additional loan to Parent .. .. .	(50,000,000)	-
Net cash used in investing activities .. .. .	(50,000,000)	-
<b>Financing activities:</b>		
Purchase of bonds .. .. .	50,000,000	0
Dividend paid .. .. .	(367,877)	(571,997)
<b>Net cash provided by (used in) financing activities</b> .. .. .	<b>49,632,123</b>	<b>571,997</b>
Change in bank balance .. .. .	(112,354)	48,369
Bank balances at beginning of year .. .. .	10,540,675	10,492,306
Bank balances at end of years .. .. .	10,428,321	10,540,675
<b>Supplemental Cash Flow Information:</b>		
Cash received during the year for interest .. .. .	40,491,340	63,679,468
Cash paid during the year for interest .. .. .	(40,083,085)	(62,960,875)



**FINANCIAL STATEMENTS OF INTESA BANK OVERSEAS LTD. AS AT 31st MARCH, 2003**

The following financial information has been extracted from the unaudited unconsolidated financial statements of IBOL as at and for the year ended 31st March, 2003 which are incorporated by reference herein and should be read in conjunction herewith.

	<i>31st March, 2003 (expressed in US\$)</i>
<b>LOANS TO PARENT COMPANY</b> .. .. .	<u>1,251,619,780</u>
<b>DEFERRED EXPENSES</b> .. .. .	<u>5,360,153</u>
<b>CURRENT ASSETS</b>	
Current accounts .. .. .	219,983
Fixed deposits .. .. .	10,200,000
Accrued interest receivable .. .. .	7,666,483
Prepaid expenses .. .. .	61,781
	<u>18,148,247</u>
<b>TOTAL ASSETS</b> .. .. .	<u>1,275,128,180</u>
<b>CURRENT LIABILITIES</b>	
Accrued interest payable .. .. .	7,622,801
Accrued expenses .. .. .	10,849
	<u>7,633,650</u>
<b>BONDS AND NOTES PAYABLE</b> .. .. .	1,251,619,780
<b>DEFERRED INCOME</b> .. .. .	<u>4,215,207</u>
<b>TOTAL LIABILITIES</b> .. .. .	<u>1,263,468,637</u>
<b>NET ASSETS</b> .. .. .	<u>11,659,543</u>
<b>SHAREHOLDER'S EQUITY</b>	
Share capital .. .. .	10,000,000
Retained earnings .. .. .	1,659,543
	<u>11,659,543</u>

**INCOME AND RETAINED EARNINGS**

31st March,  
2003  
(expressed in  
US\$)

**LOAN AND BANK INCOME**

Interest on loans to parent company .. .. .	9,644,698
Amortisation of commission income .. .. .	214,560
Amortisation of discounts on loans .. .. .	141,178
Interest on bank balances .. .. .	33,459
Total loan and bank income .. .. .	10,033,895

**INTEREST AND OTHER EXPENSES**

Interest on bonds, notes and loans payable .. .. .	9,585,091
Amortisation of bonds, notes and note issue expenses .. .. .	273,631
Amortisation of discounts on bonds .. .. .	141,178
Total interest and other expenses .. .. .	9,999,900

**NET INTEREST AND OTHER INCOME**

33,995

**OPERATING EXPENSES**

Management fees .. .. .	12,099
Audit fees .. .. .	10,432
Company registration charges .. .. .	592
Annual licence fees .. .. .	17,140
Telecommunications and postage .. .. .	436
Bank charges .. .. .	191
Secretarial fees .. .. .	419
Other .. .. .	401
Total operating expenses .. .. .	41,710

**FOREIGN EXCHANGE GAIN**

3,977

**NET LOSS**

(3,738)

**RETAINED EARNINGS, beginning of the period**

1,663,281

**RETAINED EARNINGS, end of the period**

1,659,543

## INTESA BANK IRELAND p.l.c.

### General

IBI, a subsidiary of Banca Intesa, was incorporated in the Republic of Ireland on 26th May, 1994 as a public company with limited liability (under the Companies Acts 1963 to 1990) 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, the name was changed to Intesa Bank Ireland p.l.c..

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

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

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

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

### Capital Adequacy and Liquidity Ratios

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

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

## Management of IBI

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

<b>Name</b>	<b>Position</b>	<b>Director since</b>
John Broughan	Chairman	1999
Richard Barkley	Director	1994
Robert Burke	Director	1994
Francesco Caputo Nasseti	Director	2003 (February)*
Luigi Carnelli	Director	2003 (February)*

\*subject to approval of the Central Bank, expected to be given by the date of signing

## Accounting

IBI's accounts are prepared as at 31 December of each year. For the accounting periods to 31st December, 2002, the independent auditors were KPMG Chartered Accountants. With effect from 1st January, 2003, the independent auditors are Ernst & Young Chartered Accountants. The financial information as at 31st March, 2003 is not audited. IBI has subordinated indebtedness outstanding, details of which are included in the Capitalisation Table of IBI set forth below.

## Capitalisation and Indebtedness of IBI

The capitalisation of IBI is as follows:

	<i>As at 31st December, 2001 (millions of euro)</i>	<i>As at 31st December, 2002 (millions of euro)</i>	<i>As at 31st March, 2003 (millions of euro)</i>
<b>Subordinated debt</b> .. .. .	378	331	325
<b>Shareholders' equity</b>			
Share capital and reserves .. .. .	362	363	363
Profit and loss account .. .. .	13	10	19
Total shareholders' equity .. .. .	375	373	382
<b>Total capitalisation</b> .. .. .	753	704	707

Note:

Since 31st March, 2003, no material change in the capitalisation or indebtedness of IBI has occurred.

## SELECTED FINANCIAL INFORMATION FOR IBI

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

The financial statements of IBI are prepared in accordance with the generally accepted accounting principles under the historical cost convention and comply with Financial Reporting Standards of the Accounting Standards Board, as promulgated by the Institute of Chartered Accountants in Ireland. They have also been prepared in accordance with the Statement of Recommended Practice on Accounting for Derivatives issued by the British Bankers' Association and Irish Bankers Federation.

### Companies (Amendment) Act 1986 of Ireland

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

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

The following table presents selected financial information for IBI as at and for the first quarter period ended 31st March, 2003. The financial information presented herein is not audited.

	<i>First Quarter ended 31st March, 2003 (thousands of euro)</i>
<b>Profit and Loss Account Information</b>	
Net interest income .. .. .	6,503
Operating profit .. .. .	8,372
Profit/(Loss) on ordinary activities before taxation .. .. .	9,748
Profit/(Loss) for the financial period .. .. .	8,987
Retained profit at end of first quarter .. .. .	18,980
	<i>As at 31st March, 2003 (thousands of euro)</i>
<b>Balance Sheet Information</b>	
Total assets .. .. .	2,990,256
Loans and advances to banks .. .. .	749,408
Loans and advances to customers (net of provisions) .. .. .	793,095
Debt securities & other fixed income securities .. .. .	1,368,289
Debt securities in issue .. .. .	560,257
Deposits by banks .. .. .	1,746,532
Deposits by customers .. .. .	237,196
Shareholders' funds .. .. .	381,908



**AUDITORS' REPORT IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS  
OF BANCA INTESA S.p.A.**



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20123 Milano

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**AUDITORS' REPORT**  
**pursuant to article 156 of Legislative Decree of February 24, 1998, n.58**  
(Translation from the original Italian text)

To the Shareholders  
of Banca Intesa S.p.A.

1. We have audited the consolidated financial statements of Banca Intesa S.p.A. as of and for the year ended 31 December 2002. These financial statements are the responsibility of Banca Intesa S.p.A.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. Our audit was made in accordance with auditing standards and procedures recommended by CONSOB. In accordance with such standards and procedures we planned and performed our audit to obtain the information necessary in order to determine whether the consolidated financial statements are materially misstated and if such financial statements, taken as a whole, may be relied upon. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, as well as assessing the appropriateness of the accounting principles applied and the reasonableness of the estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The financial statements of certain consolidated subsidiaries, which respectively represent approximately 24% of consolidated total assets and approximately 30% of consolidated net interest and related income, have been examined by other auditors, whose reports have been furnished to us. Our opinion, insofar as it relates to the data included in the consolidated financial statements relating to these subsidiaries, is based also on the reports of the other auditors.

As indicated in the notes to the consolidated financial statements, the Company has restated the amounts related to the prior year consolidated financial statements to take into consideration the changes in the consolidation area. This financial information has not been examined by us. For our opinion on the consolidated financial statements of the prior year as originally presented, which are included in the consolidated financial statements, reference should be made to our report dated 10 April 2002.

3. In our opinion, the consolidated financial statements of Banca Intesa S.p.A. comply with the regulations governing consolidated financial statements; accordingly, they clearly present and give a true and fair view of the consolidated financial position of Banca Intesa S.p.A. as of 31 December 2002, and the consolidated results of its operations for the year then ended.

Milan, 28 March 2003

Reconta Ernst & Young S.p.A.  
Signed by: Massimo Colli, Partner

■ Reconta Ernst & Young S.p.A.  
Sede Legale: 00196 Roma - Via G.D. Romagnosi, 18/A  
Capitale Sociale € 1.111.000,00 i.v.  
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma  
Codice fiscale e numero di iscrizione 00434000584  
P.I. 00891231003  
(vecchio numero R.I. 6697/89 - numero R.E.A. 250904)

**Gruppo Intesa**  
**Consolidated financial statements as at 31st December 2002**  
**Consolidated balance sheet**

(in millions of euro)

	Assets	31/12/2002	31/12/2001 pro forma <sup>(1)</sup>	Changes	
				amount	%
10.	Cash and deposits with central banks and post offices	1,672	2,016	(344)	(17.1)
20.	Treasury bills and similar bills eligible for refinancing with central banks	2,473	5,809	(3,336)	(57.4)
30.	Due from banks	30,435	40,812	(10,377)	(25.4)
	a) repayable on demand	2,612	3,654	(1,042)	(28.5)
	b) other	27,823	37,158	(9,335)	(25.1)
40.	Loans to customers	168,532	182,772	(14,240)	(7.8)
	including				
	– with public funds under administration	48	47	1	2.1
50.	Bonds and other debt securities	30,359	43,354	(12,995)	(30.0)
	a) public entities	12,936	21,014	(8,078)	(38.4)
	b) banks	8,177	11,584	(3,407)	(29.4)
	including				
	– own bonds	1,728	1,024	704	68.8
	c) financial institutions	6,261	6,835	(574)	(8.4)
	including				
	– own bonds	11	3	8	
	d) other issuers	2,985	3,921	(936)	(23.9)
60.	Shares, quotas and other forms of capital	2,453	1,751	702	40.1
70.	Equity investments	3,248	3,783	(535)	(14.1)
	a) carried at equity	427	581	(154)	(26.5)
	b) other	2,821	3,202	(381)	(11.9)
80.	Investments in Group companies	372	971	(599)	(61.7)
	a) carried at equity	172	353	(181)	(51.3)
	b) other	200	618	(418)	(67.6)
90.	Goodwill arising on consolidation	733	481	252	52.4
100.	Goodwill arising on application of the equity method	54	27	27	
110.	Intangibles	718	727	(9)	(1.2)
	including				
	– start-up costs	26	46	(20)	(43.5)
	– goodwill	12	24	(12)	(50.0)
120.	Fixed assets	4,251	4,448	(197)	(4.4)
140.	Own shares or quotas (nominal value 249 million euro)	981	6	975	
150.	Other assets	30,259	25,678	4,581	17.8
160.	Accrued income and prepaid expenses	4,193	4,613	(420)	(9.1)
	a) accrued income	3,894	4,144	(250)	(6.0)
	b) prepaid expenses	299	469	(170)	(36.2)
	including				
	– discounts on securities issued	54	80	(26)	(32.5)
	<b>Total Assets</b>	<b>280,733</b>	<b>317,248</b>	<b>(36,515)</b>	<b>(11.5)</b>

<sup>(1)</sup> Figures restated on a consistent basis.

**Gruppo Intesa**  
**Consolidated financial statements as at 31st December 2002**  
**Consolidated balance sheet**

(in millions of euro)

	Liabilities and Shareholders' Equity	31/12/2002	31/12/2001 pro forma <sup>(1)</sup>	Changes	
				amount	%
10.	Due to banks a) repayable on demand b) time deposits or with notice period	44,590 5,281 39,309	77,445 11,658 65,787	(32,855) (6,377) (26,478)	(42.4) (54.7) (40.2)
20.	Due to customers a) repayable on demand b) time deposits or with notice period	113,643 82,698 30,945	114,474 78,462 36,012	(831) 4,236 (5,067)	(0.7) 5.4 (14.1)
30.	Securities issued a) bonds b) certificates of deposit c) other	56,671 44,920 10,330 1,421	60,581 40,477 17,336 2,768	(3,910) 4,443 (7,006) (1,347)	(6.5) 11.0 (40.4) (48.7)
40.	Public funds under administration	88	87	1	1.1
50.	Other liabilities	29,118	27,016	2,102	7.8
60.	Accrued expenses and deferred income a) accrued expenses b) deferred income	4,797 4,332 465	4,894 4,255 639	(97) 77 (174)	(2.0) 1.8 (27.2)
70.	Allowance for employee termination indemnities	1,375	1,407	(32)	(2.3)
80.	Allowances for risks and charges a) pensions and similar commitments b) taxation c) risks and charges arising on consolidation d) other	4,043 317 1,503 75 2,148	4,081 372 1,801 78 1,830	(38) (55) (298) (3) 318	(0.9) (14.8) (16.5) (3.8) 17.4
90.	Allowances for possible loan losses	50	145	(95)	(65.5)
100.	Reserve for general banking risks	115	93	22	23.7
110.	Subordinated and perpetual liabilities	11,631	11,708	(77)	(0.7)
120.	Negative goodwill arising on consolidation	29	15	14	93.3
130.	Negative goodwill arising on application of the equity method	1	1		
140.	Minority interests	776	1,269	(493)	(38.8)
150.	Share capital	3,561	3,489	72	2.1
160.	Share premium reserve	5,764	4,075	1,689	41.4
170.	Reserves a) legal reserve b) reserve for own shares c) statutory reserves d) other reserves	3,923 773 981 155 2,014	5,185 773 6 151 4,255	(1,262)  975 4 (2,241)	(24.3)   2.6 (52.7)
180.	Revaluation reserves	358	355	3	0.8
200.	Net income for the period	200	928	(728)	(78.4)
	<b>Total Liabilities and Shareholders' Equity</b>	<b>280,733</b>	<b>317,248</b>	<b>(36,515)</b>	<b>(11.5)</b>

<sup>(1)</sup> Figures restated on a consistent basis.

**Gruppo Intesa**  
**Consolidated financial statements as at 31st December 2002**  
**Consolidated balance sheet**

(in millions of euro)

	Guarantees and Commitments	31/12/2002	31/12/2001 pro forma <sup>(1)</sup>	Changes	
				amount	%
10.	Guarantees given <i>including</i> – acceptances – other guarantees	25,615	31,801	(6,186)	(19.5)
		415	740	(325)	(43.9)
		25,200	31,061	(5,861)	(18.9)
20.	Commitments <i>including</i> – for sales with commitment to repurchase	55,065	64,767	(9,702)	(15.0)
		130	15	115	
30.	Credit derivatives	37,034	44,524	(7,490)	(16.8)
	<b>Total Guarantees and Commitments</b>	<b>117,714</b>	<b>141,092</b>	<b>(23,378)</b>	<b>(16.6)</b>

<sup>(1)</sup> Figures restated on a consistent basis.

**Gruppo Intesa**  
**Consolidated financial statements as at 31st December 2002**  
**Consolidated statement of income**

(in millions of euro)

		31/12/2002	31/12/2001 pro forma <sup>(1)</sup>	Changes	
				amount	%
10.	Interest income and similar revenues <i>including from</i> – loans to customers – debt securities	13,342	17,418	(4,076)	(23.4)
		9,861	11,826	(1,965)	(16.6)
		1,988	3,146	(1,158)	(36.8)
20.	Interest expense and similar charges <i>including on</i> – deposits from customers – securities issued	(7,683)	(11,499)	(3,816)	(33.2)
		(2,384)	(3,075)	(691)	(22.5)
		(2,958)	(3,448)	(490)	(14.2)
30.	Dividends and other revenues a) from shares, quotas and other forms of capital b) from equity investments c) from investments in Group companies	715	1,042	(327)	(31.4)
		623	447	176	39.4
		90	157	(67)	(42.7)
		2	438	(436)	(99.5)
40.	Commission income	3,970	4,305	(335)	(7.8)
50.	Commission expense	(635)	(628)	7	1.1
60.	Profits (Losses) on financial transactions	(76)	(29)	47	
65.	Gross returns (losses) on investment of the allowances for pensions and similar commitments	(1)	24	(25)	
70.	Other operating income	618	651	(33)	(5.1)
80.	Administrative costs a) payroll <i>including</i> – wages and salaries – social security charges – termination indemnities – pensions and similar commitments b) other	(6,081)	(6,646)	(565)	(8.5)
		(3,692)	(4,056)	(364)	(9.0)
		(2,573)	(2,843)	(270)	(9.5)
		(714)	(831)	(117)	(14.1)
		(178)	(183)	(5)	(2.7)
		(115)	(81)	34	42.0
		(2,389)	(2,590)	(201)	(7.8)
85.	Allocation (use) of net returns (losses) on investment of the allowances for pensions and similar commitments	1	(21)	22	
90.	Adjustments to fixed assets and intangibles	(876)	(870)	6	0.7
100.	Provisions for risks and charges	(354)	(640)	(286)	(44.7)
110.	Other operating expenses	(148)	(166)	(18)	(10.8)
120.	Adjustments to loans and provisions for guarantees and commitments	(3,478)	(3,542)	(64)	(1.8)
130.	Write-back of adjustments to loans and provisions for guarantees and commitments	1,084	1,095	(11)	(1.0)
140.	Provisions for possible loan losses	(6)	(35)	(29)	(82.9)
150.	Adjustments to financial fixed assets	(294)	(104)	190	
160.	Write-back of financial fixed assets	6	11	(5)	(45.5)
170.	Income (Loss) from investments carried at equity	60	76	(16)	(21.1)
<b>180.</b>	<b>Income (Loss) from operating activities</b>	<b>164</b>	<b>442</b>	<b>(278)</b>	<b>(62.9)</b>
190.	Extraordinary income	1,407	2,392	(985)	(41.2)
200.	Extraordinary charges	(1,344)	(1,717)	(373)	(21.7)
<b>210.</b>	<b>Extraordinary income (loss), net</b>	<b>63</b>	<b>675</b>	<b>(612)</b>	<b>(90.7)</b>
220.	Use of allowance for risks and charges arising on consolidation	2	11	(9)	(81.8)
230.	Change in the reserve for general banking risks	(22)	16	(38)	
240.	Income taxes	49	(195)	244	
250.	Minority interests	(56)	(21)	35	
	<b>Net income for the period</b>	<b>200</b>	<b>928</b>	<b>(728)</b>	<b>(78.4)</b>

<sup>(1)</sup> Figures restated on a consistent basis.

## TAXATION

The statements herein regarding taxation are based on the laws in force as at the date of this Offering Circular 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.

Law No. 80 of 7th April, 2003 for the reform of the Italian tax system gives power to the Italian Government *inter alia* to introduce, by way of legislative decree, a general reform of the tax treatment of financial income within two years of the law coming into force. The proposed reform may impact on the current tax regime of the Notes, as summarised below. The proposed reform may come into force from 2004 and, in any case, is currently expected to come into force by 2006.

### Republic of Italy Taxation

The following is a summary of current Italian law and practice relating to the taxation of the Notes.

#### Income Tax

##### 1. Tax treatment of Notes – general

Legislative Decree No. 239 of 1st April, 1996, as amended, (“**Decree 239**”) regulates the tax treatment of interest, premiums and other income (including the difference between the redemption amount and the issue price, hereinafter collectively referred to as “**Interest**”) from notes issued, *inter alia*, by Italian resident banks or by foreign issuers. The provisions of Decree 239 only apply to Notes issued by Banca Intesa with a maturity of eighteen months or more and all Notes issued by IBOL and IBI, in each case provided that they qualify as *obbligazioni* or *titoli similari alle obbligazioni* pursuant to Article 41, paragraph 2(c) of Presidential Decree n. 917 of 22nd December, 1986, as amended.

##### 2. Taxation of the Notes issued by Banca Intesa

###### Italian Resident Noteholders

Where an Italian resident Noteholder who is the beneficial owner of the Notes is (i) an individual not engaged in an entrepreneurial activity to which the Notes are connected, (ii) a partnership (other than a *società in nome collettivo* or a *società in accomandita semplice* or similar partnership), a *de facto* partnership not carrying out a commercial activity or a professional association, (iii) a non-commercial private or public institution, (iv) a real estate investment fund (*fondo comune di investimento immobiliare*) referred to in Law No. 86 of 25th January, 1994, established before 26th September, 2001 (see however below), or (v) an investor exempted from Italian corporate income tax, payments of Interest relating to the Notes are subject to a tax, referred to as *imposta sostitutiva*, levied at the rate of 12.5 per cent. In case the Noteholders described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.

Pursuant to Article 6 of Law Decree No. 351 of 25th September, 2001, converted into Law No. 410 of 23rd November, 2001, Italian real estate investment funds established on or after 26th September, 2001, are subject to a substitute tax at the rate of 1 per cent. levied on the net value of the fund. Interest from the Notes, as well as the value of such Notes, will contribute to determine such net value. The tax is paid by the company managing the fund (SGR). The new regime also applies to those Italian real estate investment funds established before 26th September, 2001 whose managing company has so requested within 25th November, 2001.

Where an Italian resident Noteholder who is the beneficial owner of the Notes is (i) a corporation, (ii) a similar commercial entity, or (iii) a permanent establishment in the Republic of Italy of a foreign corporation and, in each case, the Notes are deposited with an authorised intermediary, payments of Interest will not be subject to *imposta sostitutiva*, but must be included on an accrual basis in the relevant Noteholder's annual income tax return as taxable business income (and in certain cases, depending on the "status" of the Noteholder, also as taxable net value of production) and are therefore subject to general Italian corporate tax in accordance with the normal rules.

Pursuant to Decree 239, *imposta sostitutiva* is applied by banks, *società di intermediazione mobiliare* ("SIMs"), fiduciary companies, *società di gestione del risparmio* ("SGR") stock brokers and other qualified entities identified by Ministerial Decree (each an "Intermediary").

An Intermediary must 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 the Notes includes any assignment or other act, whether or not for consideration, which results in a change of the ownership of the relevant Notes.

Where the Notes are not deposited with authorised Intermediaries, the *imposta sostitutiva* is applicable and withheld by any entity or bank paying interest to a Noteholder.

### **Non-Italian resident Noteholders**

Where a Noteholder is a non-Italian resident individual or a corporation without a permanent establishment in the Republic of Italy to which the Notes are effectively connected, an exemptive regime from *imposta sostitutiva* applies with respect to any Interest payment in favour of a Noteholder which is (i) resident, for fiscal purposes, in a country which allows for an adequate exchange of information with the Republic of Italy in order to assess whether the relevant Noteholder is entitled to the exemption and which is not a "tax haven" (as defined and listed in the Decree of the Ministry of Finance of 23rd January, 2002, as amended from time to time), or (ii) an international body or entity set up in accordance with international agreements which have entered into force in Italy; or (iii) a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) an institutional investor which is resident in a country which is not a "tax haven" (as defined above) and which allows for an adequate exchange of information with the Republic of Italy, even if it does not possess the status of a taxpayer in its own country of residence.

For the purpose of the application of the exemption, the countries which allow for an adequate exchange of information are listed in the Decree of the Ministry of Finance of 4th September, 1996 (as subsequently amended) and include, *inter alia*, all members of the European Union, Australia, Brazil, Canada, Japan and the United States, but exclude, *inter alia*, Switzerland and Cyprus.

To ensure payment of Interest and other proceeds in respect of the Notes without the application of the *imposta sostitutiva*, Noteholders mentioned above must (i) be the beneficial owners of the payment of Interest and other proceeds of the Notes, (ii) deposit directly or indirectly the Notes together with the Coupons relating to such Notes with a resident bank or SIM or a permanent establishment in Italy of a non-Italian resident bank or SIM or with a non-Italian resident entity or company participating in a centralised securities management system which is in contact, via computer, with the Ministry of Finance and (iii) file with the relevant depository, prior to, or at the time of, the deposit of the Notes a statement of the relevant Noteholder, which remains valid until withdrawn or revoked, in which the Noteholder declares to be eligible to benefit from the applicable exemption from *imposta sostitutiva*. Such statement, which is not requested for international bodies or entities set up in accordance with international agreements which have entered into force in the Republic of Italy nor in case of foreign Central Banks or entities which manage, *inter alia*, the official reserves of a foreign State, must comply with the requirements set forth by the Decree of the Ministry of Finance of 12th December, 2001.

The 12.5 per cent. *imposta sostitutiva* will be applicable to Interest payments received by beneficial owners of Notes resident, for fiscal purposes, in (i) countries which do not allow for a satisfactory exchange of information with the Republic of Italy in order to assess the status of the investor and



(ii) countries which benefit from a privileged fiscal regime (so called “tax havens”) pursuant to Italian tax law, as defined and listed in the Decree of the Ministry of Finance of 23 January, 2002, as amended from time to time.

The 12.5 per cent. *imposta sostitutiva* may be reduced under applicable double tax treaties.

### 3. **Taxation of Notes issued by IBOL and IBI**

Under the provisions of Decree 239 payments of Interest in respect of Notes issued by IBOL and IBI:

- (a) will be subject to *imposta sostitutiva* at the rate of 12.5 per cent. in the Republic of Italy if made to beneficial owners who are (i) individuals resident in the Republic of Italy not engaged in an entrepreneurial activity to which the Notes are connected, (ii) Italian resident partnerships (other than *società in nome collettivo*, *società in accomandita semplice* or similar partnerships), de facto partnerships not carrying out commercial activities and professional associations, (iii) Italian resident non-commercial public and private institutions, (iv) Italian resident real estate investment funds referred to in Law No. 86 of 25th January, 1994 established before 26th September, 2001 (see however below), or (v) Italian resident investors exempt from Italian corporate income tax. In case the Noteholders described under (i) to (iii) above are engaged in an entrepreneurial activity to which the Notes are connected, the *imposta sostitutiva* applies as a provisional tax.
- (b) will not be subject to the 12.5 per cent. *imposta sostitutiva* if made to beneficial owners who are (i) Italian resident corporations or permanent establishments in the Republic of Italy of non resident corporations, (ii) Italian resident similar commercial entities, (iii) Italian resident investment funds and pension funds referred to in Legislative Decree No. 124 of 21st April, 1993, provided that the Notes have an original maturity of at least 18 months and, in each case, the Notes are deposited with an authorised intermediary. In the case of the Noteholders indicated under (i) and (ii) above, Interest on the Notes must be included on an accrual basis in the relevant Noteholder’s annual income tax return and is therefore subject to general Italian corporate taxation, in accordance with the normal rules, or (iv) Non Italian resident Noteholders.

Interest received by an Italian real estate investment fund established on or after 26th September, 2001, or by an Italian real estate investment fund established before 26th September, 2001 whose managing company has opted for the application of the new tax regime (see under paragraph 2 above), will contribute to determine the net value of the real estate investment fund, subject to a substitute tax at the rate of 1 per cent.. Based on a literal interpretation of the current legislation, the new regime may apply to Interest derived from such Notes irrespective of their original maturity.

### 4. **Early Redemption of Notes with an original maturity of eighteen months or longer**

Without prejudice to the above provisions, Notes issued by Banca Intesa with an original maturity of eighteen months or longer which are redeemed within eighteen months from the date of issue, are subject to an additional tax on such early redemption due by the Issuer at the rate of 20 per cent. in respect of Interest accrued on the Notes up to the date of the early redemption pursuant to Article 26, 1st paragraph, of Presidential Decree No. 600 of 29th September 1973, as amended (“**Decree 600**”). In respect of Notes issued by IBOL and IBI with an original maturity of eighteen months or longer which are redeemed within eighteen months from their date of issue, such additional tax is withheld by the intermediary responsible for the payment of interest on the redemption of the Notes from the payment of the Interest on the Notes and does not apply to payments of Interest made to non-Italian resident Noteholders.

### 5. **Notes with a maturity of less than eighteen months**

Notes with an original maturity of less than eighteen months issued by Banca Intesa and/or IBOL and/or IBI are subject to a withholding tax or, in the case of Notes issued by IBOL and IBI, to an *imposta sostitutiva* levied under Decree 239, at the rate of 27 per cent. in respect of Interest. In the case of Notes issued by IBOL or IBI, the 27% *imposta sostitutiva* also applies to Italian resident

Noteholders which are investment funds and pension funds referred to in Legislative Decree No. 124 of 21st April, 1993.

## 6. Additional Rules for Italian Resident Noteholders

The *imposta sostitutiva* regime described above does not apply when the Notes are held in a discretionary investment portfolio managed by an authorised intermediary and the Noteholder elects to be subject to a 12.5 per cent. annual substitute tax (the “**Asset Management Tax**”) on the appreciation of the investment portfolio accrued, even if not realised at the year-end (which appreciation includes interest accrued on the Notes), pursuant to the so-called discretionary investment portfolio regime (the “*Risparmio Gestito regime*”) as described below.

Such regime will only apply in respect of the *imposta sostitutiva* of 12.5%, as more fully described by the provisions of Decree 239.

Italian resident investment funds are subject to a 12.5 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which increase includes interest accrued on the Notes).

Italian resident pension funds referred to in Legislative Decree No. 124 of 21st April, 1993 are subject to a 11 per cent. annual substitute tax on the increase in value of the managed assets accrued at the end of each tax year (which includes interest accrued on the Notes).

## 7. Payments by the Guarantor

In accordance with one interpretation of Italian tax law, any payment made by the Guarantor under the guarantee of liabilities relating to Interest on the Notes issued by IBOL or IBI may be subject to a withholding tax at the rate of 12.5 per cent., levied as final tax or a provisional tax (*a titolo d'imposta or a titolo d'acconto*), depending on the status of the Noteholder, pursuant to Decree 600. This withholding tax may be applied in certain circumstances at the rate of 27 per cent. if payments are made to non-Italian residents which are resident in tax haven countries as defined and listed in the Decree of the Ministry of Finance of 23rd January, 2002, each 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, zero) withholding tax rate.

Another interpretation of Italian tax law is that any such payment made by the Guarantor will be treated, in certain circumstances, as a payment by IBOL or IBI and made subject to the tax treatment for payments by IBOL and IBI described above.

## 8. Capital Gains

Any capital gain realised upon the sale for consideration or redemption of the Notes will be treated as part of the taxable business income (and in certain cases, depending on the status of the Noteholders, may also be included in the taxable net value of production), subject to tax in the Republic of Italy according to the relevant tax provisions, of Noteholders who are:

- (a) Italian resident corporations;
- (b) permanent establishments in the Republic of Italy of foreign corporations to which the Notes are effectively connected; or
- (c) Italian resident individuals engaged in an entrepreneurial activity to which the Notes are connected.

Any capital gain realised by Noteholders who are Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected and certain other persons upon the sale for consideration or redemption of the Notes will be subject to *imposta sostitutiva* at the current rate of 12.5 per cent. Under the tax declaration regime (the *regime della dichiarazione*), which is the standard regime for taxation of capital gains realised by Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected, the 12.5 per cent. *imposta sostitutiva* on capital gains will be chargeable on a cumulative basis on all capital gains,

net of any incurred capital loss realised pursuant to all investment transactions carried out during any given tax year.

Under this regime, the taxpayer must report the overall capital gains realised in any tax year, net of any incurred capital loss, in the annual tax return to be filed with the Italian tax authorities for such year and pay *imposta sostitutiva* on such gains together with any balance income tax due for such year. Capital losses in excess of capital gains may be carried forward against capital gains realised in any of the four succeeding tax years.

As an alternative to the tax declaration regime, Noteholders who are Italian resident individuals not engaged in an entrepreneurial activity to which the Notes are connected may elect to pay *imposta sostitutiva* separately on the capital gains realised on each sale for consideration or redemption of the Notes (the “**Risparmio Amministrato**” regime). Such separate taxation of capital gains is allowed subject to (i) the Notes being deposited with banks, SIMs or certain authorised financial intermediaries and (ii) an express election for the *Risparmio Amministrato* regime being made punctually in writing by the relevant Noteholder. The financial intermediary is responsible for accounting for *imposta sostitutiva* in respect of capital gains realised on each sale or redemption of the Notes (as well as in respect of capital gains realised at revocation of its mandate), net of any incurred capital loss, and is required to pay the relevant amount to the Italian fiscal authorities on behalf of the taxpayer, deducting a corresponding amount from proceeds to be credited to the Noteholder or obtaining the relevant amount from the taxpayer. Under the *Risparmio Amministrato* regime, where a sale or redemption of the Notes results in capital loss, such loss may be carried forward against capital gains realised in any of the four succeeding tax years within the same securities management. Under the *Risparmio Amministrato* regime, the Noteholder is not required to declare capital gains in its annual tax return and remains anonymous.

Under the *Risparmio Gestito* regime any capital gains realised by Italian resident individuals not engaged in entrepreneurial activity to which the Notes are connected who have opted for the *Risparmio Gestito* regime will be included in the computation of the annual increase in value of the managed assets accrued, even if not realised, at year end, subject to the Asset Management Tax to be applied on behalf of the taxpayer by the managing authorised intermediary. Under the *Risparmio Gestito* regime, any depreciation of the managed assets accrued at year end may be carried forward against increase in value of the managed assets accrued in any of the four succeeding tax years. Under the *Risparmio Gestito* regime, the Noteholder is not required to report capital gains realised in its annual tax return and remains anonymous.

Any capital gains realised by Noteholders who are Italian resident investment funds will be included in the computation of the 12.5 per cent. annual substitute tax referred to in paragraph 6 above.

Any capital gains realised by Noteholders who are Italian resident pension funds referred to in Legislative Decree No. 124 of 21st April, 1993 will be included in the computation of the 11 per cent. annual substitute tax referred to in paragraph 6 above.

The 12.5 per cent. *imposta sostitutiva* may be payable on capital gains realised upon sale for consideration or redemption of the Notes issued by Banca Intesa by non-Italian resident Noteholders without a permanent establishment in the Republic of Italy to which the Notes are effectively connected.

An Italian resident without a permanent establishment in the Republic of Italy to which the Notes issued by Banca Intesa are effectively connected that may benefit from a double taxation treaty providing that capital gains realised upon sale or redemption of the Notes are to be taxed only in the country of tax residence of the recipient or which (i) is resident in a country which (a) is not a tax haven (as defined and listed in the Decree of the Ministry of Finance of 23rd January, 2002, as amended from time to time) and (b) allows for an adequate exchange of information with Italy; or (ii) is an international entity or body set up in accordance with international agreements which have entered into force in Italy; or (iii) is a Central Bank or an entity which manages, *inter alia*, the official reserves of a foreign State; or (iv) is an institutional investor which is resident in a country which is not a “tax haven” (as defined above) and which allows for an adequate exchange of information

with Italy, even if it does not possess the status of a taxpayer in its own country of residence will however not be subject to *imposta sostitutiva* in the Republic of Italy on any capital gains realised upon sale for consideration or redemption of such Notes.

If a non-Italian residents without a permanent establishment in the Republic of Italy to which the Notes issued by Banca Intesa are effectively connected that may benefit from one of the exemptions mentioned above elect for the *Risparmio Amministrato* regime or the *Risparmio Gestito* regime, the exemption from Italian capital gains tax will apply upon condition that it files on time with the authorised financial intermediary appropriate documents.

Furthermore, any capital gains realised by non-Italian residents without a permanent establishment in the Republic of Italy to which the Notes issued by Banca Intesa are effectively connected through the sale for consideration or redemption of these Notes are exempt from taxation in the Republic of Italy to the extent that the Notes are listed on a regulated market in the Republic of Italy or abroad (including the Luxembourg Stock Exchange), even if the Notes are held in the Republic of Italy, regardless of the provisions set forth by any applicable double taxation treaty.

### **Transfer Tax**

Pursuant to Legislative Decree No. 435 of 21st November, 1997, in general the transfers of Notes may be subject to Italian transfer tax in the following cases and at the following rates:

- (a) €0.00465 per €51.65 or fraction thereof of the price at which the Notes are transferred if the transaction is entered into between:
  - (i) banks, SIMs, or other investment companies regulated by Legislative Decree No. 415 of 23rd July, 1996 as superseded by Legislative Decree No. 58 of 24th February, 1998 (“**Decree 58**”) or stockbrokers and private parties;
  - (ii) private parties through banks, SIMs, or other investment companies regulated by Decree 58 or stockbrokers; or
  - (iii) banks, SIMs, or other investment companies regulated by Decree 58 or stockbrokers among themselves.

However, in the above cases, the amount of transfer tax cannot exceed €929.62 for each transaction; and

- (b) €0.0083 per €51.65 or fraction thereof of the price at which the Notes are transferred if the transaction is entered into between private parties directly or between private parties through intermediaries other than those listed in subparagraph (iii) of paragraph (a) above.

In general, however, transfer tax does not apply, *inter alia*, to transfers of Notes pursuant to:

- (a) contracts concluded in regulated markets (including the Luxembourg Stock Exchange) including contracts between a qualified intermediary and his principal and between qualified intermediaries;
- (b) off-market transactions regarding Notes listed on regulated markets, provided that such transactions occurred between:
  - (i) banks, SIMs, or other investment companies regulated by Decree 58 or stockbrokers;
  - (ii) banks, SIMs, or other investment companies regulated by Decree 58 or stockbrokers, on the one hand, and non-Italian residents, on the other hand; or
  - (iii) banks, SIMs, or other investment companies regulated by Decree 58 or stockbrokers, even non-Italian resident, on the one hand, and undertakings for collective investment in transferable securities, on the other hand;

- (c) contracts related to sales of securities occurring in the context of a public offering (*offerta pubblica di vendita*) aimed at listing the securities on regulated markets or involving financial instruments already listed on regulated markets; and
- (d) contracts regarding securities not listed on regulated markets entered into between (i) banks, SIMs, or other investment companies regulated by Decree 58 or stockbrokers, on the one hand and (ii) non-Italian resident, on the other hand.

### **Cayman Islands Taxation**

Under Cayman Islands law as at the date of this Offering Circular:

- (i) Payments of principal and interest in respect of the Notes issued by IBOL will not be subject to taxation in the Cayman Islands and no withholding will be required on such payments to any Holder of a Note or Coupon and gains derived from the sale of Notes or Coupons will not be subject to any Cayman Islands income, corporation or capital gains tax. The Cayman Islands currently have no income, corporation or capital gains tax and no estate duty, inheritance tax or gift tax.
- (ii) No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of Bearer Notes unless they are executed in or brought within (for example, for the purposes of enforcement) the jurisdiction of the Cayman Islands, in which case stamp duty of 0.25% of the face amount thereof is payable on each Bearer Note (up to maximum of CI\$250 (US\$304.88)) unless stamp duty of CI\$500 (US\$609.76) is paid in respect of that series of Bearer Notes. No stamp duties or similar taxes or charges are payable under the laws of the Cayman Islands in respect of the execution and issue of Registered Notes provided the relative Note Certificate constitutes evidence of entitlement only and does not thereby constitute a promissory note. An instrument of transfer in respect of Registered Notes if executed in or brought within the jurisdiction of the Cayman Islands will attract a Cayman Islands stamp duty of CI\$100 (US\$121.95).

### **Ireland 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.*

#### **I. Irish Withholding Tax on the Notes**

In general, withholding tax at the rate of 20 per cent. must be deducted from Irish source yearly interest payments made by an Irish company. However no withholding for or on account of Irish income tax is required to be made on interest arising on the Notes in a number of circumstances.

##### **1.1 Notes issued by Banca Intesa or IBOL**

Payments of interest in respect of Notes issued by Banca Intesa or IBOL will be made without deduction of withholding tax in circumstances where Banca Intesa or IBOL, as the case may be, does not, in issuing the Notes or making the relevant payments:

- (a) operate out of Ireland; or
- (b) make the payments through a paying agent located in Ireland.



## 1.2 Notes issued by IBI having a maturity less than one year

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

## 1.3 Notes issued by IBI having a maturity over one year

*Section 246(3)(b) of the Taxes Consolidation Act 1997, as amended (the "Taxes Act")*

The obligation to withhold tax does not apply to interest payments made by a bank in the ordinary course of a bona fide banking business in Ireland.

*Quoted Eurobond exemption*

Section 64 ("Section 64") of the Taxes Act provides for the payment of interest on a "quoted Eurobond" without a deduction of tax in certain circumstances. A quoted Eurobond is defined in Section 64 as a security which:

- (a) is issued by a company;
- (b) is quoted on a recognised stock exchange (this term is not defined but is understood to mean an exchange which is recognised in the country in which it is established);
- (c) is in bearer form; and
- (d) carries a right to interest.

There is no obligation to withhold tax on quoted Eurobonds where:

- (a) the person by or through whom the payment is made is not in Ireland, or
- (b) the payment is made by or through a person in Ireland, and
  - (i) the quoted Eurobond is held in a recognised clearing system (Euroclear, CBL and DTC have been designated as recognised clearing systems); or
  - (ii) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made an appropriate written declaration in the prescribed format to this effect.

For the purposes of point (c) above, the Irish Revenue have confirmed that Notes issued will be regarded as in bearer form for the purposes of this withholding tax exemption, notwithstanding that they are represented by a single global Note held by Euroclear and/or CBL and/or DTC. The Irish Revenue have also confirmed that definitive bearer Notes issued in exchange for interests in global Notes held within Euroclear or Clearstream will continue to be regarded as held within a recognised clearing system for the purposes of (b)(i).

*Section 246(3)(c) of the Taxes Act*

Payments of interest in respect of Notes issued will be made without deduction or withholding of tax where the interest payments are made:

- (a) in the course of the company's trading operations to which a certificate issued to it under Section 446 ("Section 446") of the Taxes Act applies, and
- (b) either the payment is made:
  - (i) before 31st December, 2005; or
  - (ii) after 31st December, 2005 if the Notes were issued before 31st December, 2005 in the course of the company's trading operations to which a certificate issued to it under Section 446 applies on terms which oblige the Issuer to redeem the Notes within a period of fifteen years after the date on which the Notes were issued; and

(c) the payment is made to persons whose usual abode is outside Ireland.

As regards the requirement at (c) above the Revenue Commissioners have confirmed that holders of unlisted bearer Notes will be regarded as having their place of abode outside of Ireland provided that interest is paid on the Notes through a paying agent outside of Ireland and certain restrictions apply in relation to the sale of the Notes in Ireland. The Programme documentation and the Offering Circular incorporate the required restrictions provided that the Notes are cleared through Euroclear or Clearstream.

#### *Section 246(3)(h) of the Taxes Act*

The obligation to withhold tax does not apply in respect of, *inter alia*, interest payments made by a company in the ordinary course of a trade or business carried on by it to a company resident in a relevant territory under the laws of that relevant territory. The interest must not relate to an Irish branch or agency of the recipient. A relevant territory for this purpose is a Member State of the European Union, other than Ireland, or not being such a Member State, a territory with which Ireland has entered into a double tax treaty. The jurisdictions with which Ireland has entered into a double tax treaty are outlined as follows:

Agreements which provide for the avoidance or mitigation of double taxation currently exist with Australia, Austria, Belgium, Bulgaria, Canada, China, Croatia (signed but not yet in effect), Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Hungary, India, Israel, Italy, Japan, Republic of Korea, Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland, Portugal, Romania, Russia, the Slovak Republic, Slovenia (signed, not yet ratified), South Africa, Spain, Sweden, Switzerland, the United Kingdom, the United States of America and Zambia.

Negotiations for agreements with Egypt, Greece, Iceland, Malta and Singapore are complete and it is expected that these treaties will be signed and ratified during 2003. Treaties with Argentina, Turkey and the Ukraine are in the course of being negotiated.

#### *Applicable Double Tax Treaty*

A requirement to operate Irish withholding tax on interest may be obviated or reduced pursuant to the terms of an applicable double tax treaty (see above).

#### *Discounts*

The Irish Revenue Commissioners have confirmed that discounts arising on Notes will not be subject to Irish withholding tax.

#### *Dividend Withholding Tax*

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

#### *Section 172D of the Taxes Act*

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

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



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

#### **1.4 Deposit Interest Retention Tax (DIRT)**

No DIRT will be deductible in respect of Notes which are issued Banca Intesa or IBOL provided that:

- (a) the Issuer is not resident in Ireland for corporation tax purposes; and
- (b) the Note is recorded in the books of the Issuer other than as a liability of a branch of the Issuer situate in Ireland.

A relevant deposit taker (as defined by Section 256 of the Taxes Act) such as IBI is obliged to withhold standard rate income tax (currently 20%) from certain interest payments or other returns. However there are certain exceptions to this as set out below:

Insofar as the Notes constitute a debt on a security issued by IBI and are listed on a stock exchange, DIRT shall not apply.

The Irish Revenue Commissioners agree that DIRT which would otherwise be applicable will not apply to interest or other returns paid in respect of unquoted euro commercial paper (such as the Notes issued by IBI) issued to persons not resident in Ireland and not offered in Ireland, subject to certain specified conditions which are set out in the selling restrictions or below. These conditions require that:-

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

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

## 1.5 Encashment tax

Interest on any Note issued by Banca Intesa or IBOL paid:

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

will be subject to a withholding for Irish income tax at the standard rate (currently 20%) unless it is proved, on a claim made in the required manner to the Irish Revenue Commissioners, that the beneficial owner of the relevant 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.

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

### *Section 198 of the Taxes Act*

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

These circumstances are where either;

- (a) the interest is paid by a company in the ordinary course of its trade or business and the recipient of the interest is a company resident in an EU Member State (other than Ireland) or in a country with which Ireland has a double taxation agreement, or
- (b) where the provisions of Section 64 of the Taxes Act (quoted Eurobond exemption as noted above) apply and the recipient is a person who is resident in a member state of the European Union (other than Ireland) or in a country with which Ireland has a double taxation agreement. For this purpose, residence is determined under the terms of the relevant double taxation agreement, if such exists, or in any other case, the law of the country in which the recipient claims to be resident, or
- (c) the interest is paid by a company in the course of carrying on relevant trading operations within the meaning of Section 446 (Relevant Trading Operations). For interest paid by IBI after 31 December, 2005 on Notes issued by it in the course of carrying on Relevant Trading Operations, the exemption from Irish income tax will continue to apply, provided the Notes were issued before 31 December, 2005, on terms which oblige the Issuer to redeem the Notes within a period of 15 years after the date on which the Notes are issued.

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 Issuer is attributable. For individuals to

qualify for the exemption in (c) above they must not have been resident in Ireland for the preceding three consecutive tax years.

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

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

#### *Applicable Double Tax Treaty*

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

#### *Section 153 of the Taxes Act*

As mentioned above, in the case of the Notes, where the consideration given by the IBI for the use of the principal secured is dependent on the results of the IBI'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 no mechanism by which the Irish Revenue Commissioners can collect residual income tax. Therefore, there is a long standing practice whereby no action will be taken to pursue any liability to such residual Irish income 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 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 are listed on a Stock Exchange, or 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.

### **4. Capital Acquisitions Tax**

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

### **5. Stamp Duty**

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

#### **5.1 Transfer of Notes issued by Banca Intesa or IBOL**

In the case of Notes issued by Banca Intesa or IBOL, no Irish stamp duty is chargeable provided that when 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.

#### **5.2 Transfer of Notes issued by IBI**

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

- (a) Do not carry a right of conversion into stocks or marketable securities (other than loan capital) of a company having a register in Ireland or into loan capital having such a right;
- (b) Do not carry rights of the same kind as shares in the capital of a company, including rights such as voting rights, a share in the profits or a share in the surplus upon liquidation;

- (c) Are redeemable within 30 years of the date of issue and not thereafter;
- (d) Are issued for a price which is not less than 90% of their nominal value (thus certain Notes issued at a discount may not qualify for this exemption); and
- (e) Do not carry a right to a sum in respect of repayment or interest which is related to certain movements in an index or indices specified in any instrument or other document relating to the Notes.

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

### **EU Savings Directive**

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

## SUBSCRIPTION AND SALE

The Dealers have in a dealer agreement (as amended, supplemented and/or restated, the “**Dealer Agreement**”) dated 5th August, 2003, agreed with Banca Intesa, IBOL and IBI a basis upon which they or any of them may from time to time agree to subscribe or procure subscribers for Notes. Any such agreement will extend to those matters stated under “Form of the Notes” and “Terms and Conditions of the Notes” above. In the Dealer Agreement, Banca Intesa, IBOL and IBI have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and update of the Programme and the issue of Notes under the Programme.

### United States

Neither the Notes nor the guarantee thereof have been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, 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.

Notes in bearer form are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to U.S. persons, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code of 1986 and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree that, except as permitted by the Dealer Agreement, it has not offered and sold, and will not offer or sell Notes of any Tranche (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the date of issue of the relevant Tranche of Notes and the completion of the distribution of such Tranche, as certified to the Principal Paying Agent or the relevant Issuer by the relevant Dealer(s) (or, in the case of a sale of a Tranche of Notes to or through more than one Dealer, by each of such Dealers as to Notes of such Tranche purchased by or through it, in which case the Principal Paying Agent or the Issuer shall notify each such Dealer when all such Dealers have so certified) within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes of such Tranche during the Distribution Compliance Period (other than pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any Tranche of Notes, an offer or sale of Notes of such Tranche within the United States by any dealer (whether or not participating in the offering of such Notes) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an applicable exemption from registration under the Securities Act.

Notwithstanding the foregoing, Dealers nominated by the relevant Issuer and, where applicable, the Guarantor may arrange for the offer and sale of Registered Notes in the United States pursuant to Rule 144A under the Securities Act. Each purchaser of such Notes is hereby notified that the offer and sale of such Notes may be made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A.

In addition, certain Series of Notes in respect of which any payment is determined by reference to an index or formula, or to changes in prices of securities or commodities, or certain other Notes will be subject to such additional U.S. selling restrictions as the relevant Issuer, the Guarantor (where applicable) and the relevant Dealers may agree, as indicated in the relevant Pricing Supplement. Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree, that it will offer, sell and deliver such Notes only in compliance with such additional U.S. selling restrictions.



**United Kingdom:** Each Dealer has represented and agreed that:

- (i) in relation to Notes which have a maturity of one year or more, it has not offered or sold and, prior to the expiry of the period of six months from the issue date of such Notes, will not offer or sell any such Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 (as amended);
- (ii) in relation to any Notes issued by IBOL or IBI having a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by IBOL or IBI;
- (iii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not or, in the case of Banca Intesa, would not, if it was not an authorised person, apply to the relevant Issuer or the Guarantor, as the case may be; and
- (iv) 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 issued by Banca Intesa, IBOL or IBI in, from or otherwise involving the United Kingdom.

### **Cayman Islands**

No invitation may be made directly or indirectly to the public in the Cayman Islands to subscribe for any of the Notes.

### **The Republic of Italy**

This 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 Dealers has represented and agreed and each further Dealer will be required to represent and agree, that it will not offer, sell or deliver any Notes or distribute copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy except (A): (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 as amended; or (B) to an Italian resident who submits an unsolicited offer to any of the Dealers to purchase the Notes.

Each of the Dealers has represented and agreed and each further Dealer will be required to represent and agree, that any offer, sale or delivery of the Notes or distribution of copies of the Offering Circular or any other document relating to the Notes in the Republic of Italy under (A) or (B) 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 Financial Services Act, Legislative Decree No. 385 of 1st September, 1993 (the "**Banking Act**"), 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.

## Ireland

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

- (a) in connection with offers for sale of any Notes issued by IBI, it has only issued or passed on, and will only issue or pass on, documents in connection with the issue thereof to persons to whom the documents may otherwise lawfully be issued or passed on;
- (b) otherwise than in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Acts 1963 to 2001 (the “**Companies Acts**”), it will not offer or sell, by means of any document, any Notes issued by IBI unless:
  - (i) such Notes have a maximum maturity of five years from the date of issue and such offer or sale is made to persons whose ordinary business is to buy or sell shares or debentures (whether as principal or agent); or
  - (ii) if such Notes are to be listed on the ISE Official List, the offer or sale is only effected by means of the Offering Circular or any other document comprising listing particulars relating to the Notes, prepared in accordance with the Irish Regulations and approved by the Irish Stock Exchange and in each case accompanied by an application form for Notes or by means of a document, accompanied by such an application form, which indicates in each case where such application form indicates where the Offering Circular (or such other document as aforesaid) may be obtained or inspected.
- (c) it will not make in Ireland an offer of Notes of IBI to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland would apply, except in accordance with the provisions of those Regulations;
- (d) in connection with offers for sale of any Note issued by IBI that is not listed on any stock exchange, it will not:
  - (i) knowingly sell or offer for sale any Notes issued by IBI to any person, including any body corporate, resident in Ireland or having its usual place of abode in Ireland (an “**Irish Person**”);
  - (ii) knowingly issue or distribute, or knowingly cause to be issued or distributed, any documentation offering for subscription or sale any Notes issued by IBI, to any Irish Person;
  - (iii) as far as primary sales of any Notes issued by IBI are concerned, its actions in any jurisdiction will comply with the then applicable laws and regulations;
  - (iv) offer, sell or deliver any such Note to any person in an aggregate principal amount of less than €500,000, or its equivalent in any other currency, notwithstanding that the denominations in which transfers of the Notes may subsequently be carried out (as specified in the relevant Pricing Supplement) may be less than this amount. In addition, such Notes must be cleared through Euroclear, CBL or DTC (or any other clearing system recognised for this purpose by the Irish Revenue Commissioners); and
- (e) in respect of an offer of the Notes to the public in Ireland or elsewhere within the meaning of the Companies Acts, it will comply with the requirements of the sections 56 and 57 of the Companies Act 1963 of Ireland.

In relation to Notes issued by Banca Intesa or IBOL, each Dealer has further represented and agreed (and each further Dealer appointed under the Programme will be required to further represent and agree) that:

- (i) it will not knowingly sell or offer for sale any Notes to an Irish Person;

- (ii) it has not offered or sold and will not offer or sell in Ireland by means of any document, any Notes issued by Banca Intesa or IBOL except to persons whose ordinary business it is to buy or sell shares or debentures as principal or agent;
- (iii) it will not make in Ireland an offer of Notes of Banca Intesa or IBOL; and
- (iv) it has only issued or passed on, and will issue or pass on, in Ireland, any document received by it in connection with the issue of such Notes, to persons who are persons to whom the documents may otherwise lawfully be issued or passed on.

Each Dealer has further represented and agreed (and each further 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 a 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 of conduct made under Section 37 of the Investment Intermediaries Act, 1995 and, in the case of a Dealer acting within the terms of an authorisation granted to it for the purposes of the Consolidation Directive 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).

### **Germany**

Each Dealer has agreed not to offer or sell Notes in the Federal Republic of Germany other than in compliance with the Securities Selling Prospectus Act (*Wertpapier — Verkaufsprospektgesetz*) of 13 December 1990 (as amended), or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities.

### **The Netherlands**

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

- (i) prior to the notification of a programme of intended activities under the Banking Coordination Directive (2000/12/EC) pursuant to the relevant Issuer’s home state license (including, for the avoidance of doubt, taking deposits by the Issuer) by the relevant regulator in the Republic of Italy, Ireland or the Cayman Islands (as appropriate) with the Dutch Central Bank (De Nederlandsche Bank N.V.) in accordance with the relevant provisions of Italian, Irish or Cayman Islands law having taken effect in The Netherlands (“**Notification Effective Date**”), this Offering Circular may not be distributed and the Notes (including rights representing an interest in a Note in global form) may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, into The Netherlands;
- (ii) after the Notification Effective Date it will not, directly or indirectly, offer or sell and will not, directly or indirectly, offer or sell in the Netherlands any Notes (including rights representing an interest in a Note in global form) issued under the Programme, as part of their initial distribution or by way of re-offering, with a denomination of less than €50,000 (or its foreign currency equivalent) other than to individuals or legal entities who or which trade or invest in securities in the conduct of a profession or business (which include banks, securities intermediaries (including dealers and brokers), insurance companies, pension funds, collective investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which as an ancillary activity regularly invest in securities).

### **Japan**

The Notes have not been and will not be registered under the Securities and Exchange Law of Japan and, accordingly, each Dealer has undertaken that it will not offer or sell any Notes directly or indirectly,

in Japan or to, or for the benefit of, any Japanese Person or to others for re-offering or resale, directly or indirectly, in Japan or to any Japanese Person except under circumstances which will result in compliance with all applicable laws, regulations and guidelines promulgated by the relevant Japanese governmental and regulatory authorities and in effect at the relevant time. For the purposes of this paragraph, “**Japanese Person**” shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## **General**

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or delivers and neither the Issuer, the Guarantor (where applicable), the Trustee nor any of the other Dealers shall have any responsibility therefor.

Other than with respect to the admission, listing, trading and/or quotation by such one or more listing authorities, stock exchanges and/or quotation systems as may be specified in the Pricing Supplement, no action has been or will be taken in any country or jurisdiction by the relevant Issuer, the Guarantor (where applicable) or the Dealers that would permit a public offering of Notes, or possession or distribution of any offering material in relation thereto, in any country or jurisdiction where action for that purpose is required. Persons into whose hands the Offering Circular or any Pricing Supplement comes are required by the relevant Issuer, the Guarantor (where applicable) and the Dealers to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or have in their possession or distribute such offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealers shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealers described in the paragraph headed “General” above.

Selling restrictions may be supplemented or modified with the agreement of the relevant Issuer and, if applicable, the Guarantor. Any such supplement or modification will be set out in the relevant Pricing Supplement (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or (in any other case) in a supplement to this document.

The Notes which are issued under the Programme will be Notes which, because of their nature, are normally bought or traded by a limited number of investors who are particularly knowledgeable in investment matters.

## GENERAL INFORMATION

### **Listing and Admission of the Notes to the Luxembourg Stock Exchange and the ISE Official List**

Application has been made to list Notes issued under the Programme on the Luxembourg Stock Exchange and, in connection therewith, the Luxembourg Stock Exchange has assigned registration number 12575 to the Programme. Prior to the listing of any Notes, the constitutional documents of each of Banca Intesa, IBOL and IBI and the legal notice relating to the issue will be registered with the *Registre de Commerce et des Sociétés à Luxembourg*, where copies of these documents may be obtained upon request.

The listing of Notes on the ISE Official List will be expressed at their nominal amount (excluding accrued interest). It is expected that each Tranche of Notes which is to be admitted to the ISE Official List will be admitted separately as and when issued, subject only to the issue of a Global Note or Notes initially representing the Notes of such Tranche. The listing of the updated Programme in respect of Notes is expected to be granted on or around 5th August, 2003.

However, Notes may be issued pursuant to the Programme which will not be listed on the Luxembourg Stock Exchange or any other stock exchange or which will be listed on such stock exchange as the Issuers and the relevant Dealer(s) may agree.

### **Authorisations**

The establishment update and increase in the aggregate nominal amount of all Notes from time to time outstanding under the Programme from €10,000,000,000 to €17,000,000,000 was authorised by resolutions of the Boards of Directors of each of Banca Intesa passed on 19th March, 2001 and 24th June, 2003 and IBOL passed on 18th April, 2001 and 1st August, 2003. The addition of IBI as an Issuer under the Programme was authorised by resolutions of the Board of Directors of IBI passed on 26th June, 2002 and the update and increase in the aggregate nominal amount of all Notes from time to time outstanding under the Programme from €10,000,000,000 to €17,000,000,000 was authorised by resolutions of the Board of Directors of IBI passed on 31st July, 2003. Each of Banca Intesa, IBOL and IBI has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the guarantee relating to them.

### **Use of proceeds**

The net proceeds of the issue of each Tranche of Notes will be used for general funding purposes of the Banca Intesa Group.

### **Litigation**

Save as disclosed in this Offering Circular, IBOL (where IBOL is the Issuer) and IBI (where IBI is the Issuer) are not and none of Banca Intesa and its consolidated subsidiaries (where Banca Intesa is the Issuer or the Guarantor) is involved in any litigation, arbitration or administrative proceedings relating to claims or amounts which are material in the context of the issue of the Notes and, so far as Banca Intesa or IBOL or, as the case may be, IBI is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

### **No significant change**

Save as disclosed in this Offering Circular and since the last day of the financial period in respect of which the most recent consolidated audited financial statements of Banca Intesa, IBOL and IBI have been prepared, there has been no material adverse change in the financial position or situation of Banca Intesa or IBOL or, as the case may be, IBI.

### **Documents available for inspection**

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained by the public during normal business hours at the specified office of the Principal Paying Agent and the Paying Agents in Luxembourg and Dublin and at the registered offices of the Issuers, namely:

- (a) the Offering Circular and any future Offering Circulars, prospectuses, information memoranda and supplements in this Offering Circular and any other documents incorporated herein or therein by reference;
- (b) a certified copy of the constitutive documents of Banca Intesa, IBOL and IBI;
- (c) the Agency Agreement;
- (d) the Trust Deed (incorporating a guarantee by Banca Intesa in respect of payment amounts due in relation to Notes issued by IBOL, IBI and any further issuer that may be appointed from time to time under the Programme);
- (e) the Dealer Agreement;
- (f) the Procedures Memorandum;
- (g) any Pricing Supplement relating to Notes which are listed on any stock exchange. (In the case of any Notes which are not listed on any stock exchange, copies of the relevant Pricing Supplement will only be available for inspection by the relevant Noteholders.); and
- (h) any supplemental agreement prepared & published in connection with the Programme.

### **Financial statements available**

For so long as the Programme remains in effect or any Notes shall be outstanding, copies and, where appropriate, English translations of the following documents may be obtained during normal business hours at the specified office of the Principal Paying Agent, Dexia Banque Internationale à Luxembourg as the Luxembourg Paying Agent, the Irish Paying Agent and at the registered offices of the Issuers and the Guarantor, namely:

- (a) the most recently published audited consolidated annual financial statements of Banca Intesa and the most recently published unaudited consolidated interim accounts of Banca Intesa which are published on a quarterly basis;
- (b) the most recently published audited unconsolidated annual financial statements of IBOL and the most recently published unaudited unconsolidated semi-annual accounts and quarterly accounts of IBOL; and
- (c) the most recently published audited unconsolidated annual financial statements of IBI and the most recently published unaudited unconsolidated semi-annual accounts and quarterly accounts of IBI.

The Trust Deed provides that the Trustee may rely on certificates or reports from the Auditors whether or not any such certificate or report or engagement letter or other document entered into by the Trustee and the Auditors in connection therewith contains any limit on liability (monetary or otherwise) of the Auditors.

Reconta Ernst & Young have given and not withdrawn their written consent to the inclusion in this Offering Circular of the auditors' opinion and the consolidated audited financial statements of Banca Intesa S.p.A. set out on pages 105 to 109 of this Offering Circular.

**APPENDIX**

**[IBI]**

**APPLICATION FORM**

THIS APPLICATION FORM IS ISSUED WITH THE OFFERING CIRCULAR SOLELY TO COMPLY WITH THE REQUIREMENTS OF THE EUROPEAN COMMUNITIES (STOCK EXCHANGE) REGULATIONS, 1984 OF IRELAND. IF YOU HAVE ALREADY MADE YOUR APPLICATION FOR NOTES OF [IBI] OR IF YOU HAVE ALREADY RECEIVED A CONFIRMATION OF YOUR PURCHASE OF NOTES OF [IBI], YOU SHOULD NOT TAKE ANY ACTION WITH REGARD TO THIS APPLICATION FORM.

NEITHER [IBI] NOR ANY INITIAL PURCHASER SHALL BE BOUND IN ANY WAY WHATSOEVER TO ISSUE OR SELL ANY NOTE OF [IBI] TO ANY PERSON WHO COMPLETES AND RETURNS THIS FORM.

To:\*

\*Insert Name of Dealer

I/We offer to purchase Notes of [IBI] on an subject to the terms and conditions contained in this Offering Circular.

.....  
COMPANY MR MRS MISS OR TITLE FORENAME(S) (IN FULL)

.....  
SURNAME

.....  
ADDRESS (IN FULL)

Any joint applicants should complete the following details:

..... COMPANY MR MRS MISS OR TITLE	..... COMPANY MR MRS MISS OR TITLE	..... COMPANY MR MRS MISS OR TITLE
..... FORENAME(S) (IN FULL)	..... FORENAME(S) (IN FULL)	..... FORENAME(S) (IN FULL)
..... SURNAME	..... SURNAME	..... SURNAME
..... ADDRESS (IN FULL)	..... ADDRESS (IN FULL)	..... ADDRESS (IN FULL)
..... SIGNATURE	..... SIGNATURE	..... SIGNATURE

[\* Listing particulars relating to Notes of [IBI] have been prepared, and have been approved by the Irish Stock Exchange Limited in accordance with European Communities (Stock Exchange) Regulations 1984 of Ireland. Copies of such listing particulars can be inspected at or obtained from the registered office of [IBI].]

## REGISTERED OFFICE OF BANCA INTESA

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

## REGISTERED OFFICE OF IBOL

**Intesa Bank Overseas Ltd.**  
Coutts House  
1446 West Bay Road  
P.O. Box 707GT  
Grand Cayman  
Cayman Islands

## REGISTERED OFFICE OF IBI

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

## DEALERS

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20121 Milan

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Canary Wharf  
London E14 5LB

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**Crédit Agricole Indosuez**  
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London EC2M 7HA

**Merrill Lynch International**  
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London EC1A 1HQ

**Morgan Stanley & Co. International Limited**  
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Canary Wharf  
London E14 4QA

**UBS Limited**  
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London EC2M 2PP

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100 Wood Street  
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**IRISH PAYING AGENT**

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