

## **FINAL TERMS**

Final Terms dated 28 February 2006

**BANCA INTESA S.p.A.**  
**Issue of EUR 100,000,000 Floating Rate Notes due March 2017 (the "New Notes")**  
**under the EUR 25,000,000,000**  
**Global Medium Term Note Programme**  
**(to be consolidated and form a single series with the**  
**EUR 400,000,000 Floating Rate Notes due March 2017 issued on 3 March 2005**  
**(the "Original Notes" and, together with the New Notes, the "Notes"))**

**Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Prospectus dated 28 July 2004.** This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and must be read in conjunction with the Prospectus dated 13 October 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive, save in respect of the Conditions which are extracted from the Prospectus dated 28 July 2004 and are attached hereto. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated 13 October 2005 and 28 July 2004. The Prospectuses are available for viewing at the registered office of the Issuer at Piazza P. Ferrari 10, 20121 Milan and from Dexia Banque Internationale à Luxembourg, société anonyme, at 69 Route d'Esch, L-2953 Luxembourg. The Prospectus and, in the case of Notes admitted to trading on the regulated market of the Luxembourg Stock Exchange, the applicable Final Terms will also be published on the website of the Luxembourg Stock Exchange ([www.bourse.lu](http://www.bourse.lu)).

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|----|----------------------|---------------------|
| 1. | Issuer:              | Banca Intesa S.p.A. |
| 2. | (i) Series Number:   | 171                 |
|    | (ii) Tranche Number: | 2                   |

The New Notes will be consolidated and form a single series with the Original Notes on or about 11<sup>th</sup> April 2006

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|----|-----------------------------------|------------------------|
| 3. | Specified Currency or Currencies: | Euro (" <b>EUR</b> "). |
|----|-----------------------------------|------------------------|

4. Aggregate Nominal Amount:
- (i) Series: EUR 500,000,000.
- (ii) Tranche: EUR 100,000,000.
5. (i) Issue Price: 99.40 per cent. of the Aggregate Nominal Amount plus 87 days' accrued interest (being 0.64622 per cent. of the Nominal Amount of the New Notes equal to EUR 646,220.00) from and including the Interest Commencement Date to but excluding the Issue Date giving a net sum payable to the Issuer on the Issue Date of EUR 100,046,220.00
6. Specified Denominations: EUR 1,000, EUR 10,000 and EUR 100,000
7. (i) Issue Date: 2 March 2006
- (ii) Interest Commencement Date: 3 December 2005
8. Maturity Date: Interest Payment Date falling in March 2017.
9. Interest Basis: Floating Rate (further particulars specified below).
10. Redemption/Payment Basis: Redemption at par.
11. Change of Interest or Redemption/Payment Basis: Not Applicable.
12. Put/Call Options: Not Applicable.
13. Status of the Notes: Senior.
14. Method of distribution: Syndicated.

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

15. **Fixed Rate Note Provisions** Not Applicable.
16. **Floating Rate Note Provisions** Applicable.

- (i) Specified Interest Payment Dates: Interest will be payable quarterly in arrear on 3 March, 3 June, 3 September and 3 December of each year (each an "**Interest Payment Date**"), commencing on 3 March 2006 and ending on the Maturity Date, subject to adjustment in accordance with the Modified Following Business Day Convention. For the avoidance of any doubt, the first coupon (relating to the period from and including 3 December 2005 to but excluding 3 March 2006) shall be paid on 3 March 2006.
- (ii) Business Day Convention: Modified Following Business Day Convention.
- (iii) Additional Business Centre(s): Not Applicable.
- (iv) Manner in which the Rate(s) of Interest is/are to be determined: Screen Rate Determination.
- (v) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Principal Paying Agent): Not Applicable.
- (vi) Screen Rate Determination:
- Reference Rate: 3 month EURIBOR
  - Relevant Screen Page: Moneyline Telerate page 248.
  - Interest Determination Date(s): Two Business Days prior to the first day of each Interest Period.
  - Relevant Time: 11:00 a.m. Brussels time.
  - Relevant Financial Centre: Euro-zone, being the region comprised of the countries whose lawful currency is the euro.
- (vii) ISDA Determination:
- Floating Rate Option: Not Applicable.
  - Designated Maturity: Not Applicable.
  - Reset Date: Not Applicable.
- (viii) Margin(s): Plus 0.20 per cent. per annum
- (ix) Minimum Rate of Interest: Not Applicable.

- (x) Maximum Rate of Interest: Not Applicable.
- (xi) Day Count Fraction: Actual/360.
- (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: Not Applicable.

- 17. **Zero Coupon Note Provisions** Not Applicable.
- 18. **Index-Linked Interest Note Provisions** Not Applicable.
- 19. **Dual Currency Note Provisions** Not Applicable.

**PROVISIONS RELATING TO REDEMPTION**

- 20. **Call Option** Not Applicable.
- 21. **Put Option** Not Applicable.
- 22. **Final Redemption Amount** Each Note will be redeemed at its principal amount.
- 23. **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.

**GENERAL PROVISIONS APPLICABLE TO THE NOTES**

- 24. Form of Notes: **Bearer Notes:**  
 Temporary Global Note exchangeable for interests in a Permanent Global Note on a date not earlier than 40 days after the Issue Date upon certification as to non-U.S. beneficial ownership, which will be exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note
- 25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable.

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|-----|---|--|
| 26. | Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):   | To the extent that Definitive Notes are produced, there will be one Talon, which will mature on the Interest Payment Date falling in or nearest to March 2012. |
| 27. | 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 Issuer to forfeit the Notes and interest due on late payment: | Not Applicable.  |
| 28. | Details relating to Instalment Notes: amount of each instalment, date on which each payment is to be made:  | Not Applicable.  |
| 29. | Redenomination applicable:  | Not Applicable.  |
| 30. | Renominalisation and reconventioning provisions:  | Not Applicable.  |
| 31. | Consolidation provisions:   | The provisions in Condition 20 ( <i>Further Issues</i> ) apply.  |
| 32. | Other terms or special conditions:  | Not Applicable   |

## DISTRIBUTION

- |     |                                       |   |
|-----|---------------------------------------|---|
| 33. | (i) If syndicated, names of Managers: | <b>Joint Lead Managers:</b><br><br>Banca Caboto s.p.a.<br>Dexia Banque Internationale à Luxembourg, société anonyme, acting under the name of Dexia Capital Markets |
|     | (ii) Stabilising Manager (if any):    | Not Applicable  |
| 34. | If non-syndicated, name of Dealer:    | Not Applicable.   |
| 35. | TEFRA:                                | The D Rules are applicable.   |
| 36. | Additional selling restrictions:      | Not Applicable.   |

## **LISTING AND ADMISSION TO TRADING APPLICATION**

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €25,000,000,000 Global Medium Term Note Programme of Banca Intesa S.p.A. and Intesa Bank Ireland p.l.c. guaranteed, in respect of the Notes issued by Intesa Bank Ireland p.l.c., by Banca Intesa S.p.A.

## **RESPONSIBILITY**

The Issuer accepts responsibility for the information contained in these Final Terms. To the best of the knowledge of the Issuer, having taken all reasonable care to ensure that such is the case, the information contained in these Final terms is in accordance with the facts and does not omit anything likely to affect the import of such information.

Signed on behalf of the Issuer:

By: .....  
Duly authorised

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

The Issuer produced the "Foglio Informativo " pursuant to the Bank of Italy regulatory provision dated 30<sup>th</sup> July 1999 (as amended and supplemented from time to time) and 25<sup>th</sup> July 2003. Such Foglio Informativo is available for any purposes at the following address: Banca Intesa S.p.A. – Piazza Belgioioso 1, 20121 Milan, Italy.

## **PART B – OTHER INFORMATION**

### **1 LISTING**

- |       |   |   |
|-------|---|---|
| (i)   | Listing:  | Luxembourg  |
| (ii)  | Admission to trading:                                       | Application has been made for the Notes to be admitted to trading on the regulated market of the Luxembourg Stock Exchange with effect from 2 <sup>nd</sup> March, 2006 |
| (iii) | Estimate of total expenses related to admission to trading: | Approximately EUR 650.00 due to the listing agent   |

### **2 RATINGS**

- |          |                                     |
|----------|-------------------------------------|
| Ratings: | The Notes are expected to be rated: |
|          | S&P's: A+                           |
|          | Moody's: A1                         |
|          | Fitch: A+                           |

### **3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Managers, so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer.

4. **Reasons for the offer, estimated net proceeds and total expenses**

- (i) Reasons for the offer: General funding purposes
- (ii) Estimated net proceeds: € 100,046,220.00
- (iii) Estimated total expenses: Approximately EUR 650.00 to the Listing Agent

5 **OPERATIONAL INFORMATION**

ISIN Code: The New Notes will be consolidated and form a single series with the Original Notes after 40 days from the Issue Date. The New Notes will have a temporary ISIN Code (XS0246129299) and, upon consolidation as aforesaid, the Notes will have the same ISIN code as the Original Notes (XS0213927667). Such consolidation will take place on or about 11th April 2006.

Common Code: The New Notes will be consolidated and form a single series with the Original Notes after 40 days from the Issue Date. The New Notes will have a temporary Common Code (024612929) and, upon consolidation as aforesaid, the Notes will have the same Common Code as the original Notes (021392766). Such consolidation will take place on or about 11th April 2006.

Any clearing system(s) other than Euroclear and CBL and the relevant identification number(s): Not Applicable.

Delivery: Delivery against payment.

Additional Paying Agent(s) (if any): Not Applicable.

5 **FURTHER INFORMATION RELATING TO THE ISSUER**

Further information relating to the Issuer is set out below, pursuant to Article 2414 of the Italian Civil Code.

- (i) Objects: The objects of the Issuer, as set out in Article 4 of its by-laws, are the collection of savings and the carrying-out of all forms of lending activities, through its subsidiaries or otherwise. The Issuer may, in compliance with regulations in force and subject to obtaining any prior authorisations required,



perform all banking and financial services and transactions, including the creation and management of open- and closed-end supplementary pension schemes, as well as any other transaction necessary for, or incidental to, the achievement of its corporate purpose, through its subsidiaries or otherwise.

As parent company of "Gruppo Banca Intesa" (or, in abbreviated form, "Gruppo Intesa"), pursuant to Article 61 of Legislative Decree No. 385 of 1 September 1993, the Issuer, in its direction and coordination capacity, issues instructions to Group companies, including those for the purposes of implementing the Bank of Italy's regulations and of ensuring the stability of the Group.

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|---------------------------------------|---|
| (ii) Registered office:               | Piazza P. Ferrari 10, 20121 Milan, Italy  |
| (iii) Company registration:           | Registered at the Companies' Registry of the Chamber of Commerce of Milan, Italy under registration no. 00799960158 |
| (iv) Amount of paid-up share capital: | EUR 3,596,249,720.96  |
| (v) Amount of reserves:               | EUR 8,963,979,610.78 2,000,000  |

## ANNEX

### 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**") 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 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 28th July, 2004 (as amended and/or supplemented and/or restated from time to time, the "**Trust Deed**") made between Banca Intesa, 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 28th July, 2004 (as amended and/or supplemented and/or restated from time to time, the "**Agency Agreement**") between Banca Intesa, IBI, the Trustee, Deutsche Bank AG acting through its London Branch 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;

**"IFRA"** means the Irish Financial Services Regulatory Authority, as a constituent part of the Central Bank and Financial Services Authority of Ireland, and shall be deemed to include references to any predecessor or successor regulator;

**"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 Subordinated Notes issued by Banca Intesa and specified in the Pricing Supplement as being subordinated ("**Banca Intesa Subordinated Notes**").*

#### (i) Status of Banca Intesa Subordinated Notes

- (aa) Upper Tier II Subordinated Notes issued by Banca Intesa ("**Banca Intesa 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 of Italy Regulations**") in force at 28th July, 2004) and any related 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 Banca Intesa Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.

- (bb) Lower Tier II Subordinated Notes issued by Banca Intesa ("**Banca Intesa Lower Tier II Subordinated Notes**") (*Passività Subordinate*, as defined in Title IV, Chapter 1, Section II, paragraph 4.2 of the Bank of Italy Regulations in force at 28th July, 2004) and any related Coupons constitute unconditional and unsecured obligations of Banca Intesa subordinated as described in Condition 5(b)(ii). Notes of each Series of Banca Intesa Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (cc) Tier III Subordinated Notes issued by Banca Intesa ("**Tier III Subordinated Notes**") (*Prestiti Subordinati di 3° livello*, as defined in Title IV, Chapter 3 of the Bank of Italy Regulations in force at 28th July, 2004) constitute subordinated obligations of Banca Intesa as described in Condition 5(b)(iv), 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 Banca Intesa Subordinated Notes all Banca Intesa 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 Banca Intesa Subordinated Notes of such Series.
- (ee) Each Holder of a Banca Intesa 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 Banca Intesa Subordinated Note.
- (ff) The repayment of the principal and the payment of interest (as defined below) in respect of Banca Intesa Subordinated Notes are obligations of Banca Intesa.

(ii) **Special provisions relating to Banca Intesa 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 Banca Intesa 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 Banca Intesa 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 Banca Intesa Lower Tier II Subordinated Notes, without any preference or priority. Lower Tier II Junior Creditors (as defined below) rank after the holders of the Banca Intesa 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, (i) holders of IBI Lower Tier II Subordinated Notes (as defined below); and (ii) creditors of Banca Intesa holding 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 Banca Intesa 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 of Italy Regulations, as "**Strumenti Ibridi di Patrimonializzazione**" or that otherwise are expressed to rank subordinated to the Banca

Intesa Lower Tier II Subordinated Notes or to securities more subordinated than the Banca Intesa Lower Tier II Subordinated Notes).

(iii) **Special provisions relating to Banca Intesa 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 Banca Intesa 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 Banca Intesa 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 Banca Intesa 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 (as defined in the Trust Deed) 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 Banca Intesa Upper Tier II Subordinated 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 Italian law as determined by the Auditors 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 Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated Notes pursuant to this Condition or the Trust Deed, the obligations of Banca Intesa in respect of the Banca Intesa Upper Tier II Subordinated 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 28th July, 2004, 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 Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated Notes at a rate which corresponds to the Rate of Interest from time to time applicable to the Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated 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 when 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 Banca Intesa Upper Tier II Subordinated 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 Banca Intesa Upper Tier II Subordinated 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 holders of the Banca Intesa Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in respect of the Banca Intesa Upper Tier II Subordinated Notes and of the related 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 the Banca Intesa Lower Tier II Subordinated Notes (“*Passività Subordinate*” within the meaning ascribed to such expression by the Bank of Italy Regulations) and Tier III Subordinated Notes; and (c) all other creditors of Banca Intesa except the holders of the Banca Intesa Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in relation to their claims in respect of the Banca Intesa Upper Tier II Subordinated Notes and of the related 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 Tier III Subordinated 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 Tier III Subordinated Notes. Tier III Pari Passu Creditors (as defined below) will be satisfied together and *pro rata* with the holders of the Tier III Subordinated Notes, without any preference or priority. Tier III Junior Creditors (as defined below) rank after the holders of the Tier III 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*.

**“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 Tier III 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 of Italy 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 Tier III 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 of Italy Regulations, as *“Strumenti Ibridi di Patrimonializzazione”* or that otherwise are expressed to rank subordinated to the Tier III Subordinated Notes or to securities more subordinated than the Tier III Subordinated 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 Tier III Subordinated 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 Tier III Subordinated 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 of Italy 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 of Italy 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 of Italy 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 of Italy 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 of Italy Regulations (being, as at 28th July, 2004, 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 28th July, 2004, in Title IV, Chapter 3 of the Bank of Italy 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 28th July, 2004, in Title IV, Chapter 3 of the Bank of Italy 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 28th July, 2004, in Title IV, Chapter 9, Section V of the Bank of Italy 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 28th July, 2004, in Title IV, Chapter 10, Section II of the Bank of Italy 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 of Italy 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 28th July, 2004, in Title IV, Chapter 2, Section II of the Bank of Italy 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 28th July, 2004, in Title IV, Chapter 2, Section III of the Bank of Italy 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 of Italy 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 of Italy 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 of Italy Regulations on a consolidated basis (as at 28th July, 2004, [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)(iv) to parameters referred to consolidated figures of Banca Intesa will be read as references to figures calculated on a consolidated basis (but without prejudice to the provisions of Condition 5(b)(iv)(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 of Italy 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 28th July, 2004, 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 IBI**

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

(i) **Status of IBI Subordinated Notes**

- (aa) Upper Tier II Subordinated Notes issued by IBI ("**IBI Upper Tier II Subordinated Notes**") and any related Coupons constitute unconditional and unsecured obligations of IBI subordinated as described in Condition 5(c)(iii)(aa). Notes of each Series of IBI Upper Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.
- (bb) Lower Tier II Subordinated Notes issued by IBI ("**IBI Lower Tier II Subordinated Notes**") and any related Coupons constitute unconditional and unsecured obligations of IBI subordinated as described in Condition 5(c)(ii). Notes of each

Series of IBI Lower Tier II Subordinated Notes will rank *pari passu* without any preference among themselves.

- (cc) In relation to each Series of IBI Subordinated Notes, all IBI Subordinated Notes of such Series will be treated equally and all amounts paid by IBI in respect of principal and interest thereon will be paid *pro rata* on all IBI Subordinated Notes of such Series.
- (dd) Each Holder of an IBI Subordinated Note unconditionally and irrevocably waives any right of set-off, counterclaim, abatement or other similar remedy that it might otherwise have, under the laws of any jurisdiction, in respect of such IBI Subordinated Note.
- (ee) The repayment of principal and the payment of interest in respect of IBI Subordinated Notes are obligations of IBI.

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

In the event of a bankruptcy or liquidation of IBI, claims against IBI in respect of IBI Lower Tier II Subordinated Notes ("**IBI Lower Tier II Claims**") will rank:

- (aa) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the IBI Lower Tier II Claims;
- (bb) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the IBI Lower Tier II Claims;
- (cc) ahead of all claims of subordinated creditors that are more subordinated than the IBI Lower Tier II Claims (which will include IBI Upper Tier II Claims (as defined below)) and all claims in respect of the share capital of IBI,

All claims of subordinated creditors that have the same degree of subordination as the IBI Lower Tier II Claims will be satisfied together and *pro rata* with the holders of the IBI Lower Tier II Subordinated Notes, without any preference or priority.

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

(aa) Subordination

In the event of a bankruptcy or liquidation of IBI, claims against IBI in respect of IBI Upper Tier II Subordinated Notes ("**IBI Upper Tier II Claims**") will rank:

- (A) after claims of all unsubordinated creditors and claims of all subordinated creditors whose claims are less subordinated than the IBI Upper Tier II Claims (which will include IBI Lower Tier II Claims);
- (B) *pari passu* with all claims of subordinated creditors that have the same degree of subordination as the IBI Upper Tier II Claims; and
- (C) ahead of all claims in respect of the share capital of IBI.

All claims of subordinated creditors that have the same degree of subordination as the IBI Upper Tier II Claims will be satisfied together and *pro rata* with the holders of the IBI Upper Tier II Subordinated Notes, without any preference or priority.

(bb) Deferral of interest

Notwithstanding the terms of any other Condition or provisions of, or relating to, the IBI Upper Tier II Subordinated Notes, IBI shall not have any obligation to pay interest accrued in respect of such Notes and any failure to pay such interest shall not constitute a default of IBI for any purpose.

(cc) Loss absorption

To the extent that IBI at any time suffers losses that would, in accordance with the provisions of any applicable law, prevent IBI from continuing to trade (as determined by IBI, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of IBI in respect of interest and principal under the IBI Upper Tier II Subordinated Notes, whether or not matured, will be reduced to the extent necessary to enable IBI to continue to trade in accordance with the requirements of law (as determined by the directors of IBI, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such obligations shall be reinstated if IBI would, after such reinstatement and by reason of the occurrence of any event, be entitled to continue to trade (as determined by IBI, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed). Such reduction shall, subject to the below, be deemed to cease should IBI become, and for so long as it remains, subject to any bankruptcy or liquidation proceedings or process and the obligations of IBI under the IBI Upper Tier II Subordinated Notes shall, in such event, be treated as if they were not reduced in accordance with this Condition. If, at any time during such bankruptcy or liquidation proceedings or process, reduction of the obligations would enable such proceedings or process to be dismissed, discharged, stayed, restrained or vacated and IBI to continue to trade (as determined by IBI, acting reasonably and having taken such professional advice as it considers appropriate, and certified to the Trustee in accordance with the Trust Deed), the obligations of IBI under the IBI Upper Tier II Subordinated Notes shall be deemed to be reduced.

The Trustee shall be entitled to rely on certificates of IBI in this regard without further investigation.

**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 Unsubordinated 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 IBI Subordinated Notes guaranteed by Banca Intesa on a subordinated basis.*

The obligations of Banca Intesa under the Subordinated Guarantee in respect of IBI Subordinated Notes constitute unconditional, unsecured and subordinated obligations of Banca Intesa.

**(i) Special provisions relating to a guarantee on a subordinated basis in respect of Notes described as IBI 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 a “**Liquidazione Coatta Amministrativa**”)), the payment obligations of Banca Intesa under the Subordinated Guarantee 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 Subordinated Guarantee of the IBI 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 under the Subordinated Guarantee of the IBI 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.

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

**"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 Banca Intesa Lower Tier II Subordinated Notes ("*Passività Subordinate*" within the meaning ascribed to such expression by the Bank of Italy Regulations ("*Istruzioni di Vigilanza*")); and (c) all other creditors of Banca Intesa, except the holders of the IBI Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in relation to their claims in respect of the Subordinated Guarantee of the IBI Upper Tier II Subordinated 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, which are subordinated so as to rank *pari passu* with the claims of the holders of the IBI Upper Tier II Subordinated Notes and the holders of the related Coupons and the Trustee in respect of the Subordinated Guarantee of the IBI Upper Tier II Subordinated Notes.

(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) the obligations of Banca Intesa under the Subordinated Guarantee of the Notes, whether matured or not, 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 of the Guarantor 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 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 IBI Upper Tier II Subordinated 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 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 under the Subordinated Guarantee of the IBI Upper Tier II Subordinated Notes pursuant to this Condition or the Trust Deed, the obligations of Banca Intesa under the Subordinated 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.

(ii) ***Special provisions relating to a guarantee on a subordinated basis in respect of Notes described as IBI 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 Banca Intesa under the Subordinated Guarantee of the 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 IBI Lower Tier II Subordinated Notes. Lower Tier II Pari Passu Creditors (as defined in Condition 5(b)(ii)) will be satisfied together and *pro rata* with the holders of the IBI Lower Tier II Subordinated Notes and the beneficiaries under the Subordinated Guarantee of the IBI Lower Tier II Subordinated Notes, without any preference or priority. Lower Tier II Junior Creditors (as defined in Condition 5(b)(ii)) rank after the IBI Lower Tier II Subordinated Notes and the beneficiaries under the Subordinated Guarantee of the IBI 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*.

## 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 and rounding the resulting figure to the nearest euro cent (half a cent rounded upwards).
- (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 certain Subordinated Notes) be redeemed at their Final Redemption Amount on the Maturity Date, subject as provided in Condition 13 (*Payments*).
  - (i) **The redemption of Banca Intesa 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 of Italy Regulations in force at 28th July, 2004 immediately following redemption of the Banca Intesa 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).**

- (ii) Notwithstanding the terms of any other Condition or provisions of, or relating to, the IBI Subordinated Notes, the redemption of:
  - (A) IBI Upper Tier II Subordinated Notes at any time; and
  - (B) IBI Lower Tier II Subordinated Notes having:
    - (1) an original maturity of at least five years before the Maturity Date; or
    - (2) no fixed maturity in circumstances where five years' notice of redemption has not been given,

shall always be subject to the prior consent of IFSRA and any failure by IBI to redeem any such Notes where such consent has not been granted shall not constitute a default of IBI for any purpose. Consent to redemption is at the discretion of IFSRA but will not be granted on the initiative of the Noteholder or where the solvency of IBI would be affected.

- (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 Banca Intesa Subordinated Notes and to the provisions of Condition 12(a)(ii) above in the case of IBI 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 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 Banca Intesa Subordinated Notes and to the provisions of Condition 12(a)(ii) above in the case of IBI 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 in the case of Banca Intesa Subordinated Notes and, in the case of IBI Subordinated Notes, subject to the consent of IFSRA and at the initiative of IBI.
- (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 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 (as amended), the "**Legislative Decree No. 239**") 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 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 or procuring 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 23rd 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 European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 on the taxation of savings income 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 Ireland, references in these Conditions to the Republic of Italy or Ireland shall be construed as references to the Republic of Italy 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 in force as at the date hereof) or (in the case of either Banca Intesa 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 of the Notes.

(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 Banca Intesa in the Republic of Italy (where Banca Intesa is the Issuer or the Guarantor) or of IBI in Ireland (where IBI is the Issuer) 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) save in the case of IBI Upper Tier II Subordinated Notes where Condition 5(d)(iii)(bb) applies, 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 of the Notes, 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) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26th-27th November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive.

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 IBI (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 IBI (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 IBI 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 IBI 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 IBI by a Substitute or of Banca Intesa or IBI by a Resulting Entity or of Banca Intesa or IBI by a Successor Company, 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. In the case of a substitution, IBI or Banca Intesa (as the case may be) shall notify the Luxembourg Stock Exchange thereof and prepare, or procure the preparation of, a supplement to this Offering Circular.

- (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 (which, in the case of the Luxembourg Stock Exchange, will be Luxembourg).

### *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 depository or a common depository 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 Banca Intesa 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 and that the subordination provisions applicable to the IBI Subordinated Notes described in Condition 5(c) shall be governed by the laws of Ireland.

- (b) In the Trust Deed, each of Banca Intesa 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 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 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 or IBI's behalf, Banca Intesa 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 or IBI, as the case may be, and delivered to Banca Intesa 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 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 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.