

SANPAOLO IMI S.p.A.
Shareholders' Meeting of the 27th and 28th April 2006

THE BOARD OF DIRECTORS' REPORT
ORDINARY MEETING – POINT 2 OF THE AGENDA

**Authorisation for the purchase and sale of own shares, also to service
compensation plans for employees of the Company and its subsidiaries**

Shareholders,

The Board of Directors has called you to an Ordinary Meeting to consider the proposal of authorisation for the purchase and sale of own shares to renew the authorisation already decided in the previous Shareholders' Meeting of 29 April 2005 before its expiry.

In the Explanatory Notes to the Financial Statements for 2005 you will find the operations in own shares made by SANPAOLO IMI S.p.A. in that financial year.

The proposal follows the objective of taking advantage of the various management opportunities available to the Company, and also to optimise capital structure.

It is further viewed that the directors may be given the necessary authorisation also for strategic operations, related to extraordinary financial transactions concerning equity exchanges or availability of own shares for different financial transactions, including employee share plans.

The transactions will have to be made, in any case, within ruling laws and regulations. In particular, purchases will have to be made so as to ensure equal treatment among shareholders. Except pursuant to Article 132, paragraph three, D. Lgs. 24.2.1998 n. 58, they may be made exclusively by public purchase or exchange offer or on regulated markets, pursuant to letters a) and b) of Article 144 *bis*, paragraph 1, of the Regulation approved by Consob (11971, 14 May 1999) and successive modifications (Regolamento Emittenti).

Given the above, we ask you to vote, pursuant to Article 2357 of the Italian Civil Code, and the combined Articles 132 D. Lgs. 24.2.1998 58 and 144 *bis*, paragraph 1, letters a) and b) Regolamento Emittenti, and for 18 months from the date, the authorisation for the purchase and sale of own shares at a nominal price resulting from the unpaid increase in equity capital subject to approval of the Extraordinary Shareholders' Meeting. This purchase may be made at a price, net of ordinary accessory purchase charges, of not less than a minimum of 30% and no more than a maximum of 10% of the reference price recorded in the market session of the day preceding each trade, when the purchase is made in the market, or in the market session of the day preceding the public announcement, when the purchase is made by public purchase or exchange offer. The purchase will concern a

maximum of further 180 million ordinary shares and will have to be kept with the limits of the law, taking account of which, within the Group, suitable procedures to monitor the total shareholding, are applied. The purchase may happen on one or more occasions.

We propose that you confirm the amount of the Reserve for Purchase of own shares at Euro 1,000 million, corresponding to that of Reserve for Purchase of own shares already established. The amount of own shares held from time to time must be kept within that limit.

We also propose that you authorise, pursuant to Article 2357 *ter* of the Italian Civil Code the sale, in whole or in part, of own ordinary shares, also through off-market dealing, at a price of not less than 10% of the reference price of the share recorded in the market session of the day preceding each trade. Other parameters, in line with international best practice, may also be used for transfers in whatsoever forma effected in the purchase of shareholdings by the Bank or correlated with the establishment of stable cooperation relationships or connected to extraordinary financial transactions which may require availability of own shares.

Successive purchase and sale transactions may be effected.

Finally, we also propose that you approve the use of ordinary own shares also for compensation schemes for employees of the Company and more specifically for unpaid assignment - also in substitution of other forms of remuneration, taking account of the incentives envisaged under current tax law – to promote employee involvement in the progress of the company and to strengthen the relationship through direct participation in results and company development.

These plans will have to respect the following characteristics:

- . they will be directed at least to all the personnel with fixed contracts – in February 2006, 20,151 people;
- . the ordinary shares assigned must have a maximum individual countervalue, calculated on the basis of the normal value of the tax base, Euro 2,065.83 or the greater value determined by tax incentive regulations;
- . the ordinary shares assigned will be blocked in availability for three years, according to tax regulations.

It remains the case that the Board of Directors may identify other categories of employees of the Company for compensation plans, assess individual countervalue due on objective criteria and in each case define the necessary operating modalities.

Shareholders,

We invite you to approve the proposal – and consequently to revoke, for the part not followed, the motion for the authorisation for the purchase and sale of own shares taken on 29 April 2005 – also authorising the Board of Directors to delegate, in whole or in part, the ability to make such purchase and sales.

Turin, 23 March 2006

The Board of Directors