



Ordinary Shareholders' Meeting

19th - 20th April 2006

***Reports of the Board of Directors on the proposals contained in
the Agenda (under 1, 3 and 4)***

Banca Intesa s.p.a.
Share Capital €3,596,249,720.96 fully paid-in
Registration Number on the Milano Company Register and Fiscal Code 00799960158
Member of the National Interbank Deposit Guarantee Fund, included in the National Register of Banks No. 5361 and Parent
Company of "Gruppo Intesa", included in the National Register of Banking Groups.

AGENDA OF THE ORDINARY SHAREHOLDERS' MEETING

- 1) Appointment of Directors, after the definition of their number and compensation.
- 2) Presentation of Banca Intesa's financial statements relative to the year ended 31st December 2005, of the Board of Directors report on operations and of the Board of Statutory Auditors report, related and consequent resolutions.
- 3) Purchase and consequent free assignment to employees of own shares pursuant to Articles 2357, 2357-ter of the Italian Civil Code as well as Art. 132 of Legislative Decree 58 of 24th February 1998.
- 4) Appointment of the auditing firm for the 2006/2011 period, as provided for by Art. 159 of Legislative Decree 58 of 24th February 1998 as modified by Art. 18 of Law 262 of 28th December 2005.

Appointment of Directors, after the definition of their number and compensation.

Distinguished Shareholders,

We communicate that Directors Jorge Manuel Jardim Gonçalves and Jean Laurent resigned from their post in the Company on 1st December 2005 and 11th January 2006 respectively.

Moreover, Directors Mariano Riestra and Eric Strutz have recently notified that they will resign from their post in the Company as of the date of the Shareholders' Meeting summoned to approve Banca Intesa's financial statements as at 31st December 2005.

Our deepest thanks go to Jorge Manuel Jardim Gonçalves, Jean Laurent, Mariano Riestra and Eric Strutz for their collaboration and valuable contribution to the Company development.

We also communicate that on 24th January 2006, the Board of Directors co-opted Director Georges Pauget - in substitution of Jean Laurent - whose term of office expires at the date of today's Shareholders' Meeting.

We invite you to adopt the subsequent resolutions also as regards the definition of number of Board Directors, which we propose should be set to 20, and their compensation.

Milano, 28th March 2006

**BOARD OF DIRECTORS' ILLUSTRATIVE REPORT FOR THE ORDINARY
SHAREHOLDERS' MEETING CALLED TO RESOLVE UPON THE PURCHASE AND
SUBSEQUENT ASSIGNMENT, FOR FREE, OF OWN SHARES TO EMPLOYEES
PURSUANT TO ARTICLES 2357, 2357-TER OF THE ITALIAN CIVIL CODE AND ART.
132 OF LEGISLATIVE DECREE 58 OF 24TH FEBRUARY 1998**

Distinguished Shareholders,

you have been summoned in the Ordinary Shareholders' Meeting to examine the proposal of authorisation for the purchase of own shares and the subsequent assignment, for free, of the purchased shares to the employees of Banca Intesa SpA (“free stock granting plan”).

The 2003 – 2005 Business Plan enabled Gruppo Intesa to recover high levels of efficiency and profitability and to return to being competitive on the markets.

The achievement of such objectives was possible also thanks to the strong commitment of all collaborators, which enabled to rapidly realise the reorganisation interventions necessary to improve organisational efficiency.

To enact the commitment made as part of the Programme of 5th December 2002, on 18th May 2005 Banca Intesa signed with Trade Unions an agreement, conditional upon the approval of the Board of Directors (which occurred on 20th December 2005) and of the Shareholders' Meeting, which sets out an extraordinary bonus for employees to be realised via the free assignment of Banca Intesa ordinary shares for a total countervalue of 2,000 euro *per capita* (without prejudice to the reductions provided for below).

The free stock granting plan will also involve the employees of the Italian subsidiaries, after the approval of the respective Shareholders' Meetings pursuant to Art. 2359 bis of the Italian Civil Code.

The main features of the free stock granting plan are illustrated below.

Assignees will be the employees of Banca Intesa with an indefinite term contract, even part-time, who, hired within 31st December 2005, will result in service on 1st June 2006.

Banca Intesa, freely transferable, ordinary shares, for a maximum countervalue of 2,000 euro will be assigned, for free, to each of the employees identified as indicated above.

The agreement with Trade Unions sets out that the participation in the plan is voluntary and that, if the employee declines the offer, no refund is due.

The “value of the Banca Intesa share” to be assigned will be equal to the simple arithmetic average of the official stock prices struck in the period from 1st May to 1st June 2006 included.

The number of shares (which have face value of 0.52 euro) to which the employee will be entitled will be determined using the following formula: 2,000 euro / value of the Banca Intesa share (determined as set out above), rounded down to the lower multiple of ten. Furthermore, since the stock granting plan is referred to the period 1st January 2003 - 31st December 2005, the aforementioned amount of 2,000 euro (and consequently the number of shares assigned) will be reduced to consider the lower service rendered for part-time contracts or the shorter period of

service, calculated according to provisions set forth by the agreement of 18th May 2005 and the National Collective Labour Contract in force with regard to the determination of company bonuses.

As concerns tax and social security treatment, it must be noted that fiscal regulations in force set out that “the value of shares offered to all employees for a sum which does not exceed 2,065.83 euro in the tax period” ... does not concur to form income from subordinate employment and is therefore exempt ... “provided that the shares are not repurchased by the issuing company or by the employer or are not in any case sold before at least three years have passed from receipt of the shares; if shares are sold before such term, the amount which had been excluded from income from subordinate employment at the time of purchase is subject to taxation in the tax period in which the sale occurs”.

Social security treatment is identical to tax treatment. Therefore, to the extent that assigned shares are tax-exempt, also social security charges are excluded, as concerns both the portion due by the employee and the portion due by the employer.

Should the exclusion fall (essentially following the sale of the shares in the three-year period) the employee will bear tax and social security charges due by the employee while Banca Intesa must pay the social security charges due by the employer.

The overall number of shares to be assigned will be determined on the basis of the number of employees on 1st June 2006 and the value of the shares determined as indicated above. Therefore, for the purpose of considering any variation in the number of beneficiaries between the date of the resolution and the aforementioned assignment date, as well as the oscillations in the value of the share in the same period, it is necessary that the Shareholders' Meeting authorise the purchase of Banca Intesa shares up to a maximum of 18,000,000 shares (equal to approximately 0.30% of ordinary share capital) and a maximum consideration of 63 million euro.

The purchases will be carried out in compliance with provisions set forth by Articles 2357 and following of the Italian Civil Code in the limit of retained earnings and available reserves as recorded in the last approved financial statements. Pursuant to Art. 132 of Legislative Decree 58 of 24th February 1998 and Art. 144 bis of Consob Resolution 11971/1999, the purchases will be carried out on regulated markets according to the operating means set out in the regulations providing for the organisation and management of such markets.

For the respect of the limit provided for in Art. 2357, par.3, it must be noted that share capital is currently equal to 3,596,249,720.96 euro divided in 6,915,864,848 shares of face value 0.52 euro each and that at the date of the present Report Banca Intesa does not hold any treasury shares, while Banca Caboto is the only subsidiary holding Parent Company shares to date (454,344 shares, 0.0066% of share capital).

However, it must be pointed out that, since the stock granting plan also involves the employees of Italian subsidiaries, the Shareholders' Meetings of such companies, which have been held in the last few days, authorised the purchase of up to a maximum of 2,700,000 Banca Intesa ordinary shares (equal to approximately 0.05% of ordinary share capital).

The authorisation of the Shareholders' Meeting being requested will be effective for a period of three months from the date of approval of the Shareholders' Meeting.

Lastly, as concerns the registration of the cost for the company, with the adoption of IAS/IFRS as of 1st January 2005, the assignment, for free, of shares to employees requires the registration in personnel expenses of the “fair value” of the shares assigned to employees.

Fair value will be determined using as reference the official price struck on the Stock Exchange on the date of assignment (1st June 2006) adjusted to consider the other factors typical of the operation. The difference between "fair value" and carrying value of the shares (purchase price) will be recorded in the shareholders' equity.

If you agree with the proposals above, we invite You to adopt the following resolution:

The Shareholders' Meeting

having heard and approved the Illustrative Board of Directors' Report

resolves to

1. authorise for the purposes and effects set forth by Art. 2357 and following of the Italian Civil Code, the purchase, with formation of the related reserve, in one or more occasions, within three months from the present resolution, of a maximum of 18,000,000 Banca Intesa ordinary shares, equal to approximately 0.30% of the share capital, at the same time defining the following:
 - purchases must be made at a unit price no lower than the face value of the share (0.52 euro) and no higher than 5% over the reference price struck by the share in the Stock Exchange working day preceding each purchase;
 - purchases must be made, pursuant to Art. 132 of Legislative Decree 58/98 and Art. 144 bis, par.1, lett. b) of Consob Resolution 11971/99, on regulated markets according to the operating means set out in the regulations providing for the organisation and management of such markets;
 - purchases must be made in the limits of retained earnings and available reserves as recorded in the last approved financial statements;
2. authorise, also pursuant to Art. 114-bis of Legislative Decree 58 of 24th February 1998, the assignment, for free, to Banca Intesa employees with an indefinite term contract, even part-time, hired within 31st December 2005 and in service on 1st June 2006, of Banca Intesa ordinary shares, freely disposable by assignees, for a total countervalue of 2,000 euro each (which may be reduced in consideration of the lower service rendered for part-time contracts or of the shorter period of service, calculated according to the criteria provided for in the Report), defining the following:
 - a) for the purpose of the assignment above, the value of the Banca Intesa share will be equal to the simple arithmetic average of the official stock prices struck in the period from 1st May to 1st June 2006 included;
 - b) consequently the number of shares to which the employee will be entitled will be determined using the following formula: 2,000 euro / value of the share (determined as set out above), rounded down to the lower multiple of ten;
3. confer to the Board of Directors and, on its behalf, to the Chairman and the Managing Director, individually, the widest possible powers to give complete and integral execution to the resolutions set forth in the preceding points and to sell on the Stock Exchange the shares which exceed the quantities necessary for the free stock granting plan set out herein.

Milano, 6th March 2006

PROPOSAL FOR THE APPOINTMENT OF THE INDEPENDENT AUDITORS FOR THE YEARS 2006 – 2011, PURSUANT TO ART. 159 OF LEGISLATIVE DECREE 58 OF 24TH FEBRUARY 1998, AS MODIFIED BY LAW 262 OF 28TH DECEMBER 2005

Distinguished Shareholders.

the second three-year appointment as independent auditors given by the Shareholders' Meeting of April 2003 to Reconta Ernst & Young S.p.A. expires with the approval of the 2005 financial statements.

As is generally known, the recent Legge per la tutela del risparmio (Law safeguarding saving - 262 of 28 December 2005) introduces important modifications to the discipline of independent auditing. Among these there is the modification of the duration of the engagement. The new rule sets forth, in Art. 18, that "the appointment [of the independent auditors] lasts six years, may be renovated only once and may not be renovated if three years have not passed from the termination of the previous appointment".

On this point there was also an Agenda of the Meeting presented by the Camera (Lower House) and agreed upon by the Government that requires the latter to adopt the necessary provisions aimed at clarifying the possibility of appointing the independent auditors for two consecutive mandates lasting six years each, without prejudice to the need that any further mandate may not be given if at least three years have not passed from termination of the previous mandate.

It is the opinion of certain jurists and of the Board of Directors that the correct interpretation of the new rules on independent auditing must necessarily be the possibility, after a six-year mandate is over, of confirming the independent auditors for a further six-year period.

Banca Intesa's Board of Statutory Auditors agrees with this interpretation.

Consob (Commissione Nazionale per le Società e la Borsa, the Italian companies and securities exchange commission) – with Communication DEM/6025868/69/71 of 23rd March 2006 – confirmed that the aforementioned provision must be interpreted in the sense that, at the end of the first appointment lasting six years, the mandate may be immediately renovated for further six years, with the consequent possibility for the auditing firm to carry out the engagement for an overall, continuous period of twelve years.

Since Reconta Ernst & Young carried out the engagement effectively and in full syntony with the Board of Statutory Auditors, the Internal Control Committee, the Departments of the Company and Supervisory bodies, and may be appointed again for the reasons illustrated above, we propose to the Shareholders' Meeting to confirm the appointment of Reconta Ernst & Young S.p.A. as independent auditors for the years 2006 – 2011.

The choice is motivated by the opportunity of using an expert auditing firm, which knows Banca Intesa and all the Group companies well, which matured over the last few years an in-depth knowledge of their operating systems and controls, administrative and accounting structures, information technology supports.

Acquired knowledge is in itself a sufficient element to confirm the appointment of the auditing firm and for this reason it was decided that it was not necessary to request other offers from specialised companies.

As required by Consob provisions in force, Reconta Ernst & Young will continue to be the Main independent auditors for Gruppo Intesa and, therefore, other Group companies have conferred it similar mandates, save where it could not be appointed based on local regulations, which in certain Countries, set out shorter engagement periods.

The appointment will cover all auditing activities set forth by regulations in force and in particular:

- audit of the financial statements of Banca Intesa and its Foreign branches,
- verification of regular bookkeeping practices of Banca Intesa,
- audit of the consolidated financial statements and the limited review of the consolidated half-year report, including the limited review procedures of the half-year situations of Foreign branches.

Furthermore the Auditing firm, again based on regulations in force, will carry out the verifications connected to the presentation of tax declarations and the calculation of the contribution to the National Guarantee Fund.

The annual compensation, for all specified independent auditing activities – estimated to require 16,850 hours, is 2,047,955 euro, in addition to taxes, Consob contribution and any out-of-pocket expenses. In detail:

<i>Activity</i>	<i>hours</i>	<i>amount (euro)</i>
A. Audit of Parent Company's financial statements	6,800	849,000
B. Verification of regular bookkeeping practices	1,600	199,000
C. Audit of consolidated financial statements	1,870	234,000
D. Limited review of half-year report	3,290	411,000
E. Audit of financial statements and limited review procedures of the half-year situations of Foreign branches	3,290	355,000

An increase of both commitment and compensation is foreseen with respect to the total compensation for 2005.

In particular, the number of hours increases by 1,135, while the compensation rises by 510,000 euro.

The greater commitment and the higher cost are justified by the augmented complexity of the auditing after the adoption of the new IAS/IFRS and the consequent need to involve an ever-increasing number of specialists in activities.

The number of hours and the compensation indicated above are referred to the current situation and, therefore, may vary in case of significant changes in the Company's or the Group's structure or of substantial evolutions in international accounting principles, that might lead to a higher or lower commitment with respect to the current situation.

The particular situations capable of increasing the hours required for the engagement will be communicated between the parties for the purpose, if the case, of changing compensation. Such additional compensation, when defined, will be the object of an integration of the proposal to be submitted to the approval of the Shareholders' Meeting.

The compensation indicated above is valid until 30th June 2006. Therefore, on 1st July 2006, and similarly every subsequent 1st July, the compensation for activities carried out in Italy will be adjusted on the basis of the total variation in the ISTAT index relative to the cost of living with respect to the previous year (base 30th June 2005) and for activities carried out abroad in relation to the variations in similar indexes.

In addition to the compensation indicated above the Independent Auditor will receive the reimbursement of the expenses sustained for the appointment to the extent that these have been sustained, accessory expenses relative to technology and secretarial and communication services set at 5% of compensation, the supervisory contribution in favour of Consob, as well as VAT and/or any other similar tax abroad.

As concerns accessory activities, for the verifications connected to the presentation of tax declarations (Modello Unico, Modello CNM – Consolidato nazionale mondiale, Modelli 770 and Dichiarazioni dell'Imposta sostitutiva sui finanziamenti a medio-lungo termine) in total 610 hours and a related compensation of 76,000 euro are estimated.

Instead, for the National Guarantee Fund (Fund established pursuant to Art. 15 of Law 1 of 2nd January 1991, to safeguard customers of firms which carry out securities trading activities), verification procedures, required by the law for the determination of the contribution to be paid, foresee a total of 175 hours and a compensation of 21,000 euro.

If you agree with the preceding proposals, we invite you to adopt the following resolution.

The Shareholders' Meeting

having heard and approved the Illustrative Board of Directors' Report

resolves to

1. confer to Reconta Ernst & Young S.p.A., with Registered office in Roma, via Romagnosi 18/A, the appointment for the audit of the Parent Company's financial statements, for the verification of regular bookkeeping practices, for the audit of the consolidated financial statements, for the limited review of the half-year report as well as the appointment for the audit of the financial statements and limited review procedures of the half-year situations of Foreign branches for the years 2006 through to 2011;
2. determine the total annual compensation of Reconta Ernst & Young in 2,048,000 euro, in addition to taxes, Consob contribution and any other out-of-pocket expenses. This amount will be increased by the reimbursement of the expenses sustained for the appointment to the same extent to which these have been sustained, accessory expenses relative to technology and secretarial and communication services set at 5% of compensation, the supervisory contribution in favour of Consob, as well as VAT and/or any other similar tax abroad. Compensation will also be adapted every year to consider the variations in the ISTAT cost of living index or other similar indexes

for the activities carried out abroad, and may be redetermined at period-end if, during the engagement, specific circumstances capable of appreciably modifying forecasted hours occur;

3. confer to the aforementioned company Reconta Ernst & Young the appointment to carry out the necessary verifications connected to the presentation of tax declarations (Modello Unico, Modello Consolidato Nazionale Mondiale, Modelli 770 and Dichiarazioni dell'Imposta sostitutiva sui finanziamenti a medio-lungo termine), as well as the verification procedures for the determination of the contribution to be paid to the National Guarantee Fund provided for by Art. 15 of Law 1 of 2nd January 1991, determining the compensation respectively in 76,000 euro and 21,000 euro, in addition to the reimbursement of the expenses sustained for the appointment to the same extent to which these have been sustained, accessory expenses relative to technology and secretarial and communication services set at 5% of compensation, the supervisory contribution in favour of Consob, as well as VAT and/or any other similar tax abroad;
4. give mandate to the Chairman and Managing Director for the stipulation of the agreements with Reconta Ernst & Young S.p.A. for the execution of the appointments.

Milano, 28th March 2006

The Board of Directors