JOINT PRESS RELEASE

The Boards of Directors approve the plan to merge Banca Lombarda e Piemontese into Banche Popolari Unite, which will be submitted to the respective Shareholders' meetings

- **The banking group resulting from the merger of two strong and complementary banking groups will be one of the leading operators in Italy with a network of 1.970 Branches (the 4th largest network in Italy with a market share of approximately 6,3%), significant market share in the wealthiest areas of the country (2nd largest banking group in Lombardy with 935 Branches and a market share of more than 15%) and more than 4 million customers. The new Group will operate on the basis of a poly-functional, federal and integrated model with a 'Popular' type listed parent bank.**
- **Positive outcome of the due diligence stipulated in the memorandum of intent signed on 13th November.**
- **Confirmed the swap rate of 0,83 new BPU Banca shares for each Banca Lombarda share and a dividend for the 2006 financial year unified for all the shareholders of the new Group, which will be proposed amounting to 0,80 euro per share.**
- **The shareholders of Banca Lombarda will be automatically entered in the register of the voting shareholders of the new Parent Bank. The post-merger composition of the share capital will be: 54% BPU Banca, 46% Banca Lombarda.**
- **The new statute has been approved, which confirms the equal partnership principle between the components of the new Parent Bank and stipulates a dual type of governance (Supervisory Board and Management Board).**
- **Estimated pre-tax synergies of 365 million euro at regime in 2010 (with more than 90% of synergies achievable by 2009), of which 225 million euro will be cost synergies and 140 million euro income synergies; "one-off" integration costs of approximately 380 million euro before taxes in 2007.**
- **Net present value of synergies net of taxes and integration costs higher than 2 billion euro.**
- **Main financial objectives of the New Group after synergies:**
  - **net profit of more than 1,4 billion euro in 2009;**
  - **dividend policy of the New Parent Bank not lower than the current policy of BPU Banca;**
  - **cost/income ratio of less than 45% and ROE[1] of more than 17% in 2009;**
  - **Core Tier 1 higher than 7% in 2009.**
- **Shareholder Meetings convened on 2nd (first call) and 3rd March 2007 (second call) to approve the merger.**

Bergamo and Brescia, 12 December 2006 - The Boards of Directors of Banche Popolari Unite Scpa (BPU Banca) and Banca Lombarda e Piemontese S.p.A. (Banca Lombarda) met today and have unanimously approved the project for the merger of Banca Lombarda into BPU Banca for the

[1] Net of goodwill generated by the transaction

creation of a New Banking Group. The shareholders' agreement of Banca Lombarda decided in favour of the merger plan on 13th November 2006.

The Boards of Directors of the two Banks have convened Extraordinary General Meetings for 2nd March 2007, in first call, and for 3rd March 2007 in second call to approve the merger project.

The Extraordinary General Meeting of BPU Banca will also be called to approve a new text for the Corporate Statute, which will in particular stipulate the adoption of a new dual type system of management and control consisting of a Supervisory Board and a Management Board. An Ordinary General Meeting of BPU Banca will be called on the same dates, which will, immediately after the approval of the merger plan, appoint the members of the first Supervisory Board.

In the 30 days prior to the shareholders' meeting the documents pursuant to Art. 2501 *septies* of the Italian Civil Code (among which the merger plan, the directors' report and the experts' report on the fairness of the swap rate, the new proposed text of the Corporate Statute) will be made available to shareholders and to the public. The information document specified under paragraph 4, Art. 70 of Consob Regulation No. 11971 of 14th May 1999 and subsequent amendments and additions will be made available in the 10 days prior to the General meeting.

THE MERGER PROJECT

The merger operation will result in the formulation of an industrial plan with high strategic value, given the high level of complementarity between the network banks and the product companies.

The New Group will be the fourth Italian banking group in terms of branches and on the basis of pro-forma figures as at 30th September 2006, it will have:

- over 4 million customers;
- approximately 21.500 employees
- direct funding of approximately 82 billion euro (5th highest in Italy, 1st highest for 'popular' banks);
- lending to customers of approximately 80 billion euro (5th highest in Italy, 1st highest for 'popular' banks);
- good credit quality: NPLs/net loans of 0,7%;
- assets under management of approximately 59 billion euro (3rd highest in Italy, 1st highest for 'popular' banks), of which 23 billion euro relating to private banking business;
- total assets of approximately 112 billion euro (6th highest in Italy, 2nd for 'popular' banks);
- combined shareholders' equity of 10,9 billion euro (inclusive of goodwill arising from the operation);
- combined net profit of approximately 746 million euro;
- core tier 1 ratio of 6,2% and total capital ratio of 10,2%;
- network of 1.970 Branches (4th largest branch network in Italy, with a market share of 6,3%), with no significant overlap;
- significant market share in the wealthiest areas in the country (2nd largest banking group in Lombardy with 935 branches and a market share higher than 15%);
- market share in terms of branches higher than 10% in 21 provinces, among which Bergamo (26%), Brescia (29%), Varese (29%), Cuneo (26%), Pavia (18%) and Milan (10%).

The combined market capitalization of the new group as at 8th December was approximately 13 billion euro.

The main strategic guidelines for the operation are as follows:

- creation of a New Group capable of competing with the best players on the market and characterised by "popular" status and a federal model, able to further enhance the distribution strength of the Network Banks - conserving the identities of the brand names and the deep roots in local markets - and to become a pole of attraction for other banks;
- a strong emphasis on enhancing the value of human capital and developing the skills and expertise present in each of the original two Groups;
- the achievement of important growth objectives assisted by geographical contiguity and complementarity in high potential growth areas with an increase in critical masses and enhancement of the culture and skills of each of the two groups;
- an increase in customer support activities, above all for small to medium size enterprises and households, by broadening the range of services and products offered;
- enhancing the value of the product companies present in the two original groups, also, amongst other things, through partnerships with international operators of high standing;
- rapid achievement of expected synergies due, amongst other things, to the proven track record of the management teams of both groups in managing integration processes;
- integrated monitoring of financial, lending and operational risks.

As already reported in the press release of 13th November and the presentation of 14th November, on the basis of preliminary estimates, the operation will allow the New Group to benefit from gross synergies of 365 million euro per year at regime, of which approximately 225 million euro from reduced costs and approximately 140 million euro from higher revenues. These will be fully phased in by 2010, with more than 90% of synergies achievable by 2009.

Gross integration costs have been conservatively estimated at approximately 380 million euro, of which 360 million euro to be charged to income statement in 2007 and 20 million euro recognised as an increase in goodwill.
The resulting potential creation of value will consequently be in the order of more than 2,3 billion euro, net of integration costs.

The main objectives of the New Group, which will be better defined in the Industrial Plan to be prepared following the approval of the operation by the shareholders' meetings of the two banks and in any case by the end of the first half of 2007, are as follows:

- net profit of more than 1,4 billion euro in 2009;
- dividend policy of the New Parent Bank not lower than the current policy of BPU Banca;
- cost/income ratio of less than 45% and ROE (net of the goodwill generated by the operation) of more than 17% in 2009;
- core tier 1 higher than 7% in 2009.

THE STRUCTURE OF THE OPERATION AND FINANCIAL CONDITIONS

The operation will be implemented by merging Banca Lombarda into BPU Banca, with the merging bank maintaining its legal status as a 'popular' co-operative bank and issuing new shares to be allotted to the shareholders of Bank Lombarda in exchange for the Banca Lombarda shares held by them.

Following the favourable completion of the due diligence investigations, the swap ratio of 0,83 BPU Banca shares for each Banca Lombarda share is confirmed. The financial statements used as a reference are the consolidated reports as at 30th September 2006 of BPU Banca and Banca Lombarda, which were subjected to a limited audit (see attachment A).

BPU Banca will also provide to the Banca Lombarda shareholders, also through authorised intermediaries, a service for the treatment of fractions of shares, at market prices, without further cost for expenses, stamp duties or commissions.

As a result of the merger, the merging company will increase its share capital by a maximum nominal amount of 736.658.047 euro by the issue of a maximum of 294.663.219 shares with a nominal value of 2,50 euro each, in application of the swap ratio and of the procedures for the allotment of shares.
These shares will be listed on the *Mercato Telematico Azionario* (screen based stock market) organised and managed by Borsa Italiana S.p.a. and will be made available to the shareholders of Banca Lombarda according to the procedures for dematerialised shares centralised in Monte Titoli Spa, starting on the first working day following the date of the operation taking effect in law. These shares will have normal dividend entitlement (1st January 2006). The dividend proposed for the financial year 2006 will be 0,80 euro per share for all the shareholders of the new Parent Bank.

Excluding any effect coming from the exercise of the opt out option by Banca Lombarda shareholders, the post-merger composition of the share capital will consist of approximately 54% of the shares held by BPU Banca shareholders and approximately 46% of the shares held by former Banca Lombarda shareholders.

It is agreed that when the deed of merger is signed and takes effect, the shareholders of Banca Lombarda will be automatically entered in the register of the voting shareholders of the new Parent Bank, which will maintain its legal status as a ‘popular’ co-operative bank, and will therefore become subject to the limitations contained in Art. 30 of Legislative Decree No. 385 of 1/9/1993.

The right of Banca Lombarda e Piemontese shareholders to opt out

Shareholders absent, dissenting or abstaining at the General Meeting of the Shareholders of Banca Lombarda will have the right to opt out in accordance with article 2437 of the Italian Civil Code, on the grounds of the change in the type of company and modifications to voting rights. Shareholders who have exercised that right will be paid an amount based on the arithmetic average of the closing prices of Banca Lombarda shares in the six months prior to the publication of the notice of call of the Extraordinary General Meeting of Banca Lombarda, convened to approve its merger into BPU Banca.
Banca Lombarda will disclose to the public, in a specific notice, the settlement value of each Banca Lombarda share and the procedure for exercising the right to opt out.

If the right to opt out is exercised and if the offer of the shares in option to the other shareholders provided for under article 2437 *quater* of the Italian Civil Code is made subsequent to the date on which the merger takes effect, BPU shares will be offered to the entitled shareholders in place of those held in Banca Lombarda, in the proportion resulting from the application of the swap ratio.

The merger will be subject to the condition that the right to opt out granted to the shareholders of Banca Lombarda is not exercised by more than 10% of the share capital. However, this condition may be waived by common agreement between the parties within 10 working days following the date on which the final data on the exercise of the right to opt out by shareholders has been communicated by Banca Lombarda to BPU Banca.

CORPORATE GOVERNANCE

The new Parent Bank, which will be formed by the merger of Banca Lombarda into BPU Banca, will have its registered offices at Bergamo and operating premises in Bergamo and Brescia, with a balanced division, which takes account of functional and economic requirements.

The name of the new Parent Bank will be decided by common agreement between the parties at a subsequent stage.

In order to guarantee a system of corporate governance which provides solid unified management and governance and at the same time represents the BPU Banca and Banca Lombarda groups in the new banking group, a dual type of governance will be adopted, based on a Supervisory Board and a Management Board and characterised by further principles of alternating the principal management posts.

The Supervisory Board of the New Parent Bank will be composed of 23 members and will include the Chairman and the Senior Deputy Chairman, appointed by a General Meeting by voting lists of registered shareholders in possession of the qualities of integrity, professionalism and independence required by the regulations in force, and two Deputy Chairmen appointed by the Supervisory Board itself. They will remain in office for three financial years.

In addition to matters reserved to it by law, the Corporate Statute reserves to the Supervisory Board, on proposal of the Management Board, the power to decide the general strategic policies and programmes of the company and of the Group and to grant authorisations for strategic operations and industrial and/or financial plans and the budgets of the company and of the Group, as prepared by the Management Board.

The members of the Supervisory Board will be appointed for the first time by an Ordinary General Meeting of BPU Shareholders which accompanies the Extraordinary General Meeting called to amend the Corporate Statute, in application of a specific transition norm contained in the Corporate Statute. In detail, the norm provides for the Supervisory Board to be composed of 23 members, appointed for a period of three financial years with the application of the list voting procedures contained in article 44 of the current Corporate Statute for the appointment of the Statutory Board of Auditors, and recalled in the mentioned transition norm. These procedures state that the first 22 candidates drawn from the list which obtains the highest number of votes shall be elected and the first candidate of the list which obtained the second highest number of votes shall be elected. When votes are counted, lists which have not obtained at least 10% of all the votes cast in the shareholders' meeting are not taken into consideration. If only one of the lists presented has exceeded that limit, then all the members of the Supervisory Board are drawn from it.

The Supervisory Board shall appoint an Internal Control Committee, a Remuneration Committee for Senior Management and an Appointments Committee from amongst its members.

The Management Board will be composed of between 7 and 11 members elected from amongst shareholders with voting rights by the Supervisory Board, on the proposal of the Appointments Committee. The Management Board will be composed of 10 members for the first three year term of office and will include the Chairman, the Deputy Chairman and the Managing Director.

The Management Board is responsible for the management of the company in observance of the general strategic policies and programmes approved by the Supervisory Board on proposal of the Management Board itself. To this end it performs all the operations necessary and useful, or in any case appropriate, for the implementation of the company object, whether of an ordinary or extraordinary operating nature.

ACCOUNTING AND TAX ASPECTS OF THE OPERATION

The operation will take effect for accounting and tax purposes from the date on which the merger becomes legally effective, which is to say from the date of the last registration of the merger deed with the Brescia and Bergamo Company Registrar or from the subsequent date specified in that deed and in any case not prior to 1st April 2007.

The operation is subject to authorisation by the Bank of Italy, by the Antitrust Authority and by the ISVAP (insurance authority).

BPU Banca is advised by Banca Leonardo and by Morgan Stanley with particular reference to market, economic and financial aspects, and by Studio Pedersoli for the legal aspects.

Banca Lombarda is advised by Mediobanca and Rothschild for the economic and financial aspects and by Studio d'Angelo and Studio Pavesi-Gitti-Verzoni for the legal aspects.

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Copy of this press release is available on the websites: www.bpubanca.it and www.bancalombarda.it

ATTACHMENT A

Pro-forma consolidated balance sheet as at 30th September 2006
(figures in thousands of euro)

Assets	**BPU GROUP**	**BL GROUP**	**NEW GROUP PRO-FORMA**
Financial assets held for trading	3.055.892	2.903.739	5.959.631
Financial assets valued at fair value	5.290.972		5.290.972
Other financial assets (1)	4.780.003	1.003.035	5.783.038
Loans to banks	1.907.591	2.100.772	4.002.978
Loans to customers	49.798.318	29.954.211	79.569.655
Tangibile and intangibile assets	2.607.861	1.466.827	4.074.688
Difference arising from the merger			3.298.814
Tax assets	573.229	271.375	844.604
Other assets	2.172.660	1.199.623	3.366.117
Total assets	**70.186.526**	**38.899.582**	**112.190.497**

Liabilities and Shareholders' equità	**BPU GROUP**	**BL GROUP**	**NEW GROUP PRO-FORMA**
Due to banks	6.607.514	2.896.008	9.309.167
Due to customers (2)	52.145.824	30.036.258	82.182.012
Financial liabilities held for trading	449.994	555.301	1.005.295
Tax liabilities	526.596	347.577	874.173
Allowances for specific purposes (3)	679.737	276.751	956.488
Technical reserves	2.473.415	-	2.473.415
Other liabilities	2.004.598	1.569.192	3.573.790
Share capital	861.135	351.752	1.591.021
Reserves (4)	3.402.498	1.734.746	8.523.215
Valuation reserves	120.395	465.291	120.395
Minority interests	405.743	430.057	835.800
Profit for the period	509.077	236.649	745.726
Total liabilities and Shareholders' equity	**70.186.526**	**38.899.582**	**112.190.497**

(1) Items 40 and 50
(2) Items 20 and 30
(3) Items 110 and 120
(4) Items 170, 180 and 200

Pro-forma consolidated income statement as at 30th September 2006
(figures in thousands of euro)

INCOME STATEMENT	BPU GROUP	BL GROUP	NEW GROUP PRO-FORMA
Interest margin	1.264.699	658.991	1.924.076
Net fee and commissions income	609.785	357.701	967.485
Gross income	2.033.836	1.095.042	3.129.263
Net financial operating income	1.914.433	1.027.961	2.942.779
Net income from financial and insurance operations	1.889.584	1.027.961	2.917.459
Operating costs	(1.088.116)	(579.819)	(1.668.320)
Profit on continuing operations before tax	860.183	457.154	1.317.337
Profit on continuing operations after tax	542.452	267.705	810.157
Profit for the period	542.452	272.528	814.980
Profit for the period attributable to minority interests	(33.375)	(35.879)	(69.254)
Profit for the period attributable to the Parent Bank	**509.077**	**236.649**	**745.726**