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PLAN FOR THE MERGER BY INCORPORATION OF

BANCA LOMBARDA E PIEMONTESE S.p.A.

INTO

BPU BANCA – BANCHE POPOLARI UNITE S.C.p.A.

AUDITORS' REPORT
PURSUANT TO ARTICLE 2501 sexies OF THE ITALIAN CIVIL CODE

(Translation from the original Italian text)

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AUDITORS' REPORT
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To the Shareholders of
Banca Lombarda e Piemontese S.p.A.

1. Objective and scope of the engagement

We have been appointed as independent experts by the Court of Brescia to prepare our report, in accordance with Article 2501 sexies of the Italian Civil Code, on the ratio for the exchange of shares of Banca Lombarda e Piemontese S.p.A. (hereinafter, "Banca Lombarda") with those of Banche Popolari Unite S.C.p.A. (hereinafter, "BPU Banca" and together with Banca Lombarda "the Banks"), in the context of the merger by incorporation of Banca Lombarda into BPU Banca (hereinafter, "the prospective merger transaction"). To this end Banca Lombarda has provided us with the plan for the merger (hereinafter, "the Plan for the Merger") together with the report prepared by the Board of Directors which identifies, explains and justifies the ratio for the exchange of shares (hereinafter, "Exchange Ratio") pursuant to Article 2501 quinques of the Italian Civil Code, and the balance sheet as of September 30, 2006 prepared pursuant to Artiche 2501 quater of the Italian Civil Code.

The Plan for the Merger will be subject to approval by the extraordinary Shareholders Meeting of Banca Lombarda to be held on March 2, 2007, first call or on March 3, 2007, second call , if required.

Similarly, the extraordinary Shareholders Meeting of BPU Banca will be call for approving the Plan for the Merger on March 2, 2007, first call, or on March 3, 2007, second call, if required.

The audit firm KPMG S.p.A. (hereinafter, "KPMG") has been appointed to prepare a similar report on the Exchange Ratio for BPU Banca.

2. Purpose and scope of this report

In order to provide the shareholders with adequate information regarding the Exchange Ratio, this report illustrates the methods adopted by the Directors in determining the Exchange Ratio and the difficulties encountered by them. In addition, this report also indicates whether, under the circumstances, such methods are reasonable and not arbitrary, whether the Directors have considered the respective importance of such methods and whether the methods have been correctly applied.

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In our examination of the valuation methods adopted by the Directors, also based on indications from their advisors, we have not carried out a valuation of the Banks. This was done solely by the Directors and the advisors appointed by them.

3. Summary of the transaction

The transaction covered by this report may be summarized also considering the press releases published by the two banking groups and the activities carried out between the Boards of Directors of the Banks on November 13, 2006, December 12, 2006 and January 19, 2007.

Announcement of the project

During the respective meetings held on November 13, 2006, the Boards of Directors of Banca Lombarda and BPU Banca approved the content of a "Letter of Intent" which envisage the creation of a New Banking Group.

The New Group will be the fourth Italian banking group in terms of number of branches and, based on the pro-forma figures at June 30, 2006, it will have:

- more than 4 millions customers;
- direct funding of approximately Euro 80 billion and loans to customers of approximately Euro 79 billion;
- asset under management of approximately Euro 58 billion;
- a network of 1,970 branches, with a market share of 6.5%, with no significant overlap.

With reference to the corporate governance, the Letter of Intent states that:

- the New Parent will be legally registered in Bergamo, while the corporate functions will be located between the seats of the two Groups taking into account functional and economic needs;
- the dual corporate governance system will be adopted, organized with a Supervisory Board (*Consiglio di Sorveglianza*) and a Management Board (*Consiglio di Gestione*), additionally characterized by the principles of rotation and exchangeability of the main roles.

The transaction will be realized through the incorporation of Banca Lombarda into BPU Banca, which allows to preserve the status of "popular" bank", due to the incorporation of a joint-stock company (*società per azioni*) in a co-operative bank.

The financial terms provides for an Exchange Ratio of 0.83 BPU Banca ordinary shares for each Banca Lombarda ordinary share. Furthermore, the dividend for the year 2006 will be proposed for an amount of Euro 0.80 per share, in favor of all the Shareholders of the New Parent.

Definition of the Project

The Boards of Directors of Banca Lombarda and BPU Banca, held on December 12, 2006, approved by unanimous votes, the Plan for the Merger by incorporation of Banca Lombarda into BPU Banca for the purpose of creating a New Banking Group and presented their respective Reports on Plan for the Merger pursuant to article 2501 quinquies of the Italian Civil Code; these Reports have been finalized during the Boards of Directors of the Banks held on January 19, 2007.

In the Report on Plan for the Merger, the Board of Directors illustrates, upon other matters that:

- The merger transaction will result in the realization of an industrial project characterized by an high strategic value, because of the complementarily of the network's banks ("*Banche Rete*") and of the product companies ("*Società Prodotto*"). The New Group will be the fourth Italian banking group in terms of number of branches;
- The New Group will be inspired to a "popular" philosophy and characterized by a federal model, capable to enhance the distribution strength of the network banks - safeguarding the identity of the brand names and the territorial roots - and to represent a pole of attraction for other banks.

The mentioned documents outline, upon other matters, also the following:

- for the purpose of determining the number of BPU Banca shares to be assigned to the Shareholders of Banca Lombarda as a result of the Merger, the Board of Directors took into account the reports (the "Reports") issued by Mediobanca – Banca di Credito Finanziario S.p.A. ("Mediobanca") and Rothschild S.p.A. ("Rothschild", together with Mediobanca, the "Advisors"). In adopting the Reports as their own, the Board of Directors agrees with the valuation methods used, with the conclusions regarding the economic values attributed to the equity of the companies involved and with the opinion on the fairness of the ratio between the economic value of the Merging Company and that of the Company Being Merged;
- following to the completion of the confirmation due diligence, the Exchange Ratio of 0.83 BPU Banca shares for each Banca Lombarda share has been confirmed. The economic and financial information used as reference are represented by the consolidated interim financial statements as of and for the nine month ended September 30, 2006 of BPU Banca and Banca Lombarda, which have been subject of a limited review by the auditors;

- as a result of the merger, the merging company will increase its share capital up to a maximum of Euro 736,658,047 as nominal amount by issuing new shares up to a maximum of 294.663,219 shares with nominal value of Euro 2.50 each, by applying the Exchange Ratio and the procedures for the allotment of the shares;
- these shares will be listed on the Mercato Telematico Azionario operated by Borsa Italiana S.p.A. and they will be available for the Shareholders of Banca Lombarda in accordance with the regulation of the centralized securities clearing system managed by Monte Titoli S.p.A. ("*azioni dematerializzate*") beginning from the first working day after the date in which the transaction legally takes effect;
- the shares will have normal dividend entitlement (January 1, 2006). The dividend for the financial year 2006 will be proposed in Euro 0.80 per share for all the Shareholders of the New Parent;
- pursuant to article 2437 of the Italian Civil Code, the completion of the Merger will entitle the Shareholders of Banca Lombarda who did not approve the Plan for the Merger at the Shareholders' Meeting to withdraw all or part of their shares. Under this hypothesis, in accordance with article 2437-ter, paragraph 3, of the Italian Civil Code, Banca Lombarda will be required to pay the Shareholders that exercise such right of withdrawal an amount based on the average closing price during the six months prior to publication of the notice of calling of Banca Lombarda's extraordinary Shareholders' Meeting called to vote on the Merger.
  Payment of this redemption to the Shareholders who withdraw will take place in accordance with the liquidation procedure provided in article 2437 quater of the Italian Civil Code;
- the effectiveness of the Merger and hence the stipulation of the Merger Deed are subject to the condition that the right of withdrawal on the part of Banca Lombarda's shareholders is not exercised for shares representing more than 10% (ten percent) of the share capital. This condition can be waived by mutual agreement between the Merging Company and the Company Being Merged within ten working days from the day on which the definitive figures for the withdrawal rights actually exercised are communicated by Banca Lombarda to the Merging Company;
- excluding any effect potentially arising from the exercise of the right of withdrawal by Banca Lombarda Shareholders, as a result of the Merger, the shareholder base after the merger will be composed for approximately 54% by shares held by BPU Banca Shareholders and for approximately 46% by shares held by former Banca Lombarda Shareholders;
- The transaction will take effect for accounting and tax purposes from the date on which the merger will take legally effect, corresponding with the date the deed of merger will be registered at the Registered offices in Brescia and Bergamo, or from the subsequent date specified in that deed and in any case not prior to April 1, 2007.

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

4. Documentation utilized

In performing our work, we obtained directly from the Banks, such documentation and information as was considered useful in the circumstances. We analyzed such documentation as was made available to us for this purpose and, in particular:

a) the Plan for the Merger and the Reports of the Boards of Directors of the Banks, addressed to the respective extraordinary Shareholders' Meetings, proposing, with reference to the balance sheets as of September 30, 2006, an Exchange Ratio as follows:

   - 0.83 BPU Banca ordinary shares of nominal amount Euro 2.50 each, for each Banca Lombarda ordinary share of nominal Euro 1.00 each.

   The Exchange Ratio has been determined by the Board of Directors also taking into account the valuation reports listed below under b) and c). The Reports of the Board of Directors sets out in detail the valuation methods adopted, the reasons for their choice, the values resulting from their application and the related comments;

b) the valuation report of the Exchange Ratio related to the merger by incorporation of Banca Lombarda e Piemontese S.p.A. into BPU Banca – Banche Popolari Unite S.C.p.A. prepared by Mediobanca on December 12, 2006;

c) the valuation report of the Exchange Ratio related to the merger between Banca Lombarda e Piemontese S.p.A. and Banche Popolari Unite S.C.p.A. prepared by Rothschild on December 12, 2006;

d) the following documentation, used by the Advisors of Banca Lombarda to prepare their reports and, subsequently, within the scope of our engagement, also utilized by us:

   - the separate and the consolidated financial statements of BPU Banca and Banca Lombarda as of and for the years ended December 31, 2004 and 2005, approved by the respective authorized bodies, accompanied by the Reports of the Boards of Directors, the Reports of the Boards of Statutory Auditors and the Independent Auditors' Reports,
   - the interim separate and the financial statements of BPU Banca and Banca Lombarda as of and for the six month ended June 30, 2006, approved by the respective authorized bodies, accompanied by the Reports of the Boards of Directors and the Independent Auditors' Review Reports ,
   - the interim separate and the consolidated financial statements of BPU Banca and Banca Lombarda as of and for the nine month ended September 30, 2006, approved by the respective authorized bodies, accompanied by the Reports of the Boards of Directors and the Independent Auditors' Review Reports,

- the Letter of Intent between BPU Banca and Banca Lombarda,
- the consolidated business plans for the period 2006-2008 of BPU Banca and Banca Lombarda, prepared by the Management of the Banks, and presented to the financial community on March 21, 2006 and December 14, 2005, respectively,
- publicly available information considered relevant for the application of the valuation methods selected, referred to BPU Banca, Banca Lombarda and to comparable listed companies, with particular reference to the financial projections and to the market prices;

e) we have examined the following additional documentation:

- By-laws of BPU Banca and Banca Lombarda;
- the results of the financial and legal due diligence reciprocally performed by the two Banks;
- working papers, data and information obtained from the Advisors and used by them for the determination of the Exchange Ratio;
- accounting and historical information, market prices and any other information considered relevant for the purpose of this report.

Finally, we obtained representation from Banca Lombarda, based on management's best knowledge and belief, that no significant changes occurred in the data and information used in our analysis.

5. Valuation methods adopted by the Board of Directors for the determination of the Exchange Ratio

The Board of Directors of Banca Lombarda, also based upon the information provided by the Advisors, considered it appropriate to identify individual valuation methods which, as well as being in accordance with current best practice, enable the two banks be valued on a consistent basis.

In fact, an essential element in estimating financial conditions in a merger situation is to quantify the relative value of each of the companies involved in the valuation, the final objective being not so much to reach an absolute value for each of them, but rather comparable values calculated on a consistent basis so that the fairness of the exchange ratio can be established.

To the purpose of the project, the economic values of BPU Banca and Banca Lombarda have been assessed on stand alone basis, regardless of any effect that could arising from the proposed merger ("stand alone valuation"). Therefore, the economic values resulting from the application of the different valuation methods have to be considered for the sole purpose of determining the Exchange Ratio of this Merger and should not be used for any other purpose.

The valuation approach followed is based on a number of valuation methods. Considering the specific characteristics of the entities involved in the project and to the generally accepted valuation practice in the banking market, the valuation method chosen are as follows:

- Dividend Discount Model ("DDM") Method;
- Market Multiples Method;
- Market Prices Method.

The Contribution Margin Analysis Method has been adopted as a control method.

The Shareholders approval of the project will realized the merger by incorporation of a joint-stock company into a co-operative company; this will cause the change in the type of company with modifications to the by-laws of the merged company and, in particular, to voting rights. As a consequence, in order to consider the differences in the share values between a limited takeover risk company (co-operative company) and a joint-stock company, the Directors applied an adjustment coefficient (the "Adjustment Coefficient") to the Exchange Ratios resulting from the application of the analytical valuation methods (DDM Method and Contribution Margin Analysis Method).

This Adjustment Coefficient, estimated at between 1.25 and 1.35, was determined as the difference between the multiples reflected in the listed stock prices of banks similar to Banca Lombarda, being joint-stock companies, to which the market attributes a higher value as they incorporate an expectation of participation in future integration processes, and the multiples reflected in the listed stock prices of banks that are similar to BPU, being co-operatives.

The Adjustment Coefficient was not applied to the results arising from the market methods (Market Multiples Method and Market Prices Method) because, according the approach followed by the Directors, such method already incorporate the difference in value between the companies caused by their different legal status.

The results arising from the application of the above mentioned valuation methods are described below.

<u>The Dividend Discount Model method (DDM)</u>

The Dividend Discount Model or DDM determines the economic value of a bank as the sum of (*i*) the present value of the future dividend flows potentially distributable to the shareholders over a reasonable time horizon for analytical forecasts, while maintaining an adequate level of capitalisation, and (*ii*) the present value of the Terminal Value or TV, calculated assuming constant perpetual growth in dividend flows beyond the time horizon for analytical forecasting. In other words, the approach was applied regardless of the bank's actual profit distribution policy. In order to calculate the over- or under-capitalization and the normalized flow of dividends that would be economically sustainable in the long term, a minimum level for the Core

Tier 1 Ratio was established at 7.0%. This minimum objective is considered necessary to guarantee the operational continuity and medium/long-term development of the companies being valued.

The DDM – Excess Capital method therefore estimates the value of the economic capital of a bank based on the following formula:

$$W = DIVa + VTa$$

where:

W	represents the economic value of the bank being valued;
DIVa	represents the present value of future distributable cash flows in a certain time horizon, maintaining a satisfactory level of capitalization;
VTa	represents the present value of the bank's "Terminal Value".

Application of the DDM – Excess Capital takes place in the following steps:

1. *Identification of the future economic flows and of the reference time period*

The explicit time period chosen for the determination of cash flows to be used in the valuation is the period 2006-2008, based on the economic and financial plans communicated to the market by BPU Banca and Banca Lombarda; in order to normalise the two companies' earnings, we assumed a gradual reduction in the growth rate, reaching the hypothetical long-term growth rate (of 2.5%) in the year 2010. Beyond 2010, the value of BPU Banca and Banca Lombarda was determined by discounting the Terminal Value.

2. *Determination of the discount rate*

The rate used to discount cash flows is equal to the return on equity required by investors/shareholders for investments with similar risk characteristics and was calculated on the basis of the Capital Asset Pricing Model, according to the following formula:

$$Ke = Rf + Beta \times (Rm - Rf)$$

where:

Rf	is the "*risk-free rate*", as the rate of return on risk-free investments (in this case, has been chosen the return on 10-year BP, namely 3.92%);
Rm – Rf	is the "*market premium*", as the premium for the risk of an investment in shares compared with one that is "*risk-free*", quantified at 5.5%;

Beta is the correlation factor between the effective yield of a share and the overall yield of the reference market, measuring the volatility of the stock compared with the market portfolio. This parameter was put at 0.84 for both banks.

Based on these parameters, the cost of capital was put at 8.54%.

3. Calculation of the Terminal Value

The Terminal Value was calculated on the basis of the Gordon Formula:

Terminal Value = Sustainable Dividend / *(Ke – g)*

where:

g is the nominal rate of growth that is sustainable in the long term, equal to a nominal 2.5%;

Ke is the discount rate represented by the cost of risk capital.

4. Contingent gain on the investment in Banca Intesa

For the purpose of evaluating Banca Lombarda it has been also considered the contingent gain on the investment in Banca Intesa which would have been excluded by the standard application of the DDM Method. In fact, in accordance with International Financial Reporting Standards ("IFRS") the gain arose from the "mark-to-market" evaluation of the investment in Banca Intesa should not be accounted for as financial revenue but as increased/decrease of the valuation reserve. Therefore, becasue such contingent gain does not affect the "Tier 1 capital" ("Patrimonio di base") or the "Capital for Supervisory purposes" ("Patrimonio di vigilanza"), it should be evaluated separately in order to ne included as part of the cash flows available for the Shareholders.

<u>The market multiples method</u>

The market multiples method involves applying to the companies being valued a series of ratios between the stock market capitalization of comparable listed companies and certain earnings and capital parameters related to them. Numerous ratios can be used to apply this method, so in practice multiples are generally chosen based on the characteristics of the system in which the companies being valued operate and on the characteristics of the sample in question. To determine the economic value of the Banks, we used the multiples based on net equity and the expected net profit.

Considering the different legal status of Banca Lombarda and BPU Banca, we decided to choose different samples of comparable companies for the two banks. For Banca Lombarda, reference was made to banks that were joint-stock companies with a high perceived level of exposure to takeover bids, which have also been involved in recent speculation about aggregations. For BPU Banca, we took a sample of comparable co-operative banks.

Market pricing method

The market prices method leads to a value for the company involved in the valuation based on the capitalisation expressed by the prices of the shares traded on organised stock markets. The market prices method is considered relevant for the valuation of listed companies providing the volumes being traded are significant, which is the case with Banca Lombarda and BPU Banca.

Stock prices for BPU Banca and Banca Lombarda were taken into consideration up until 10 November 2006, as this was the last trading day for BPU Banca and Banca Lombarda shares prior to the announcement of the Merger. After this date, the prices of their respective shares have clearly been influenced by the announcement, so are not relevant for the purposes of this analysis.

Starting in September 2006, the Banca Lombarda stock turned in a considerable rise in price, also as a result of market rumours about Banca Lombarda's possible involvement in a merger or acquisition; this presumably led to the price gradually incorporating the expectation of an operation of this kind. This situation made it possible for the share price to reflect in full the value of Banca Lombarda's exposure to a takeover bid as empirically estimated by the Adjustment Coefficient in the context of the application of the DDM Method and the Contribution Margin Analysis Method.

Contribution margin analysis (control method)

The contribution margin method identifies the relative weighting of the companies taking part in the merger. In other words, this method does not express absolute values, but the relative contribution made by each company to the new entity resulting from the aggregation. This method is based on a comparison of key balance sheet and income statement figures that are considered significant for the banks intending to integrate.

In practical terms, for each of the figures used, we identified the corresponding value per share, based on which we determined the implicit exchange ratio, taking into account the Adjustment Coefficient mentioned previously.

6. Valuation difficulties encountered by the Directors

No particular valuation problems were encountered by the Directors in estimating the economic values of BPU Banca and Banca Lombarda other than those normally found when estimating the value of the economic capital of enterprises, except for the fact that as a result of the Merger there will be a change in the administrative rights of Banca Lombarda's shareholders, as they will go from being shareholders of a joint-stock company to being shareholders of a co-operative. As illustrated in the previous paragraph, this issue has been handled by applying the Adjustment Coefficient to the Exchange Ratio.

7. Result of the valuations performed by the Directors

The share values of BPU Banca and Banca Lombarda and the relative Exchange Ratios assessed by the Advisors according to the method described above and assumed by the Directors are showed in the table below:

	Exchange Ratio Min	Value per share		Exchange Ratio Max	Value per share	
		Banca Lombarda	BPU Banca		Banca Lombarda	BPU Banca
DDM (Excess capital)	0.77*	13.9	22.6	0.83*	15.6	25.2
Market Multiples	0.74	16.7	22.5	0.85	15.6	18.4
Market Prices	0.74	16.0	21.7	0.85	17.8	20.9

** On applying the DDM method, the minimum and maximum Exchange ratios are respectively 0.61 and 0.62.*

The application of the control method (Contribution Analysis Margin) shows an Exchange Ratio ranging between 0.70 and 0.91 (before the application of the Adjustment Coefficient it ranged between 0.56 and 0.67, respectively).

Considering the valuation process described below and the comparison of the results of the valuation methods selected, the Directors, also based upon the information provided by the Advisors, established the following Exchange Ratio:

- 0.83 BPU Banca ordinary shares of nominal amount Euro 2.50 each for each Banca Lombarda ordinary share of nominal amount Euro 1.00.

8. Work done

8.1. Work done on the "Documentation Utilized"

The procedures and the activities performed on the documentation utilized, referred to in point 4. above, are as follows reported.

- We have audited the separate and the consolidated financial statements as of and for the year ended December 31, 2005 of Banca Lombarda; the separate and the consolidated financial statements of BPU Banca as of the and for the year ended December 31, 2005 have been audited by KPMG;

- we have performed a limited review of the separate and of the consolidated interim financial statements as of and for the nine month period ended September 30, 2006; KPMG performed a limited review of the consolidated interim financial statements of BPU Banca as of and for the nine month period ended September 30, 2006;

- we have examined the results of the accounting due diligence performed by Banca Lombarda on BPU Banca with the professional assistance of Reconta Ernst & Young S.p.A. and of the legal due diligence performed with the professional assistance of the Studio D'Angelo and Studio Pavesi, Gitti, Verzoni; in addition, we discussed with the auditing firm KPMG and with the management of Banca Lombarda about the results of the due diligences performed by BPU Banca on Banca Lombarda;
- we met and discussed with the Banks' management to obtain information on the subsequent events with respect to the interim financial statements prepared for the purpose of the merger project, up to the date of this report, that could have a significant effect on the values being examined here;
- we have discussed with the management of Banca Lombarda the criteria applied for the preparation of the consolidated business plan 2006-08, taking into account the uncertainties and the limitations of any forecast information;
- in order to verify the comparability of the data and information related to the Banks, used by the Directors of Banca Lombarda and by their Advisors for the application of the valuation methods above described, we have discussed with the management of the Banks that for the purpose of the preparation of the business plan 2006-2008 of BPU Banca, the macro-economic scenario considered and the assumptions made were consistent with those applied for the preparation of the business plan of Banca Lombarda;
- in addition, we obtained a representation from Banca Lombarda, based on management's best knowledge and belief, that no significant changes occurred in the data and information used in our analysis, since the meetings of the Boards of Directors of the Banks held on December 12, 2006 and up to the date of this report, such as to modify the Exchange Ratio;
- the same representation has been provided by the management of BPU Banca to KPMG.

8.2. Work done on the methods used by the Directors to determine the Exchange Ratio

Considering the nature of our engagement, we also performed the following procedures:

- we examined the Plan for the Merger, the financial statements prepared pursuant to article 2501-quater of the Italian Civil Code and the report of the Board of Directors of Banca Lombarda;
- we examined the reports of the Advisors of Banca Lombarda;
- we examined the by-laws of BPU Banca and of Banca Lombarda as well as a summary of the main characteristics of the new by-laws of the incorporating bank;

- we verified that the reasons of the Board of Directors of Banca Lombarda and its Advisors for the adoption of the valuation methods used in the calculation of the Exchange Ratio were complete and not inconsistent;
- we performed a critical analysis of the method used by the Directors of Banca Lombarda and its Advisors and any elements useful to establish that such methods were adequate, in the circumstances, to calculate the economic values of the two banks involved;
- we checked whether the valuation methods were applied consistently, also by analyzing the work papers prepared by the Advisors;
- we performed a sensitivity analyses with the aim to verify to what extent the Exchange Ratio would be affected by changes in the assumptions and parameters, considered to be significant;
- we verified whether the data used were consistent with the reference sources and, especially, the "Documentation utilized";
- we analyzed and discussed the overall work performed and related results with the management of Banca Lombarda and its Advisors;
- we verified the arithmetical accuracy of the calculation of the ratios, derived from the application of the valuation methods used by the Directors and by the Advidors;
- we discussed with KPMG the work they performed on the similar documentation for BPU Banca and the valuation approach and method adopted by the Adivsor of BPU Banca;
- we obtained a representation letter signed by the legal representative of Banca Lombarda, stating that, as of the date of this report, no events had occurred that would require adjustments to the data and content of the documentation analyzed or to the valuations made by the Directors for the calculation of the Exchange Ratio.

9. Comments on the suitability of the methods used and the validity of the estimates

We note that the principal purpose of the process used by the Directors was to arrive to an estimate of the economic values of the Banks involved in the Merger, by applying homogeneous criteria, in order to determine the Exchange Ratio. In fact, the main objective of valuations for mergers is to identify comparable values in order to determine the Exchange Ratio, rather than to determine absolute values of the companies involved. As such, valuations for merger transactions have a meaning solely in respect of their relative profile and cannot be considered an estimate of the absolute values of the companies involved, for transactions different from the merger for which they were carried out.

Taking into consideration the above, the main considerations, in terms of reasonableness and non-arbitrariness under these circumstances, on the valuation methods used are as follows:

- The valuation methods adopted for the valuation of the Banks are those generally accepted in the banking industry and are based on accepted valuation doctrine at both national and international level. The Directors' reports contain a widely description of the specific features of the different methods adopted and the ways they have been applied;
- the choice of the valuation methods privileged the methods that allowed to consider the particular characteristics of the Banks and to express consistent valuation for the purpose of fixing the Exchange Ratio;
- the adoption of a multiplicity of methods has enabled to obtain a considerable analysis coverage, leading to a substantial test of the Exchange Ratio;
- the valuations have been made on a stand-alone basis, ie, regardless of any synergies that may arise from the prospected combination of the operating activities of the two Banks;
- in performing their valuations the Directors considered the different value attributable to shares characterized by different level of potential competition with reference to the acquisition of their control. With particular reference to the application of the analitycal methods (DDM and Contribution Margin Analysis Method) the Exchange Ratio has been assessed by applying an Adjustment Coefficient determined on an empiric basis.

10. Specific limitation encountered by the auditors in carrying out the engagement

The main difficulties and limitations encountered in performing this engagement are as follows:

- *Evaluation of the Adjustment Coefficient.* Because of the different legal status of the banks, which are also characterized by different takeover risks, an Adjustment Coefficient has been applied to the Exchange Ratios calculated on the basis of the analytical methods (DDM and Contribution Margin Analysis Method). This Adjustment has been estimated based on empirical analysis which are subjected to uncertainty and variances.

- *Use of forecast figures.* For the purpose of this valuation, forecast data have been used, derived from the financial projections for the period 2006-2008. Such figures are subjected, by their very nature, to uncertainty.

- *Market prices.* For the purpose of the application of the Market Multiples Method and of the Market Prices Method recourse has been made to stock market prices that are, by their very nature, subject to significant variances because of the market floating. Nevertheless, the effect of any fluctuation has been contained by the use of average market prices over appropriate timeframes.

11. Conclusion

Based on the documentation we have examined and on the procedures described above, and considering the nature and extent of our work as described in this report, we believe that the valuation methods adopted by the Directors, are, under the circumstances, reasonable and not arbitrary and they have been correctly applied by them in their determination of the Exchange Ratio of shares indicated in the Plan for the Merger, as follows:

- **0.83 BPU Banca ordinary shares of nominal amount Euro 2.50 each for each Banca Lombarda ordinary share of nominal amount Euro 1.00.**

Brescia, January 25, 2007

Reconta Ernst & Young S.p.A.

Signed by Egidio Tempini, partner