

BPU General Meeting on 2nd/3rd March 2007

Item 2 on the agenda of the ordinary session – Authorisation to abandon a liability action which had been initiated against a director of the former Banca Popolare di Luino e Varese, following the conclusion of settlement agreements.

Dear Shareholders,

as concerns litigation in which our Bank is involved, the following cases are pending with regard to a former Director of Banca Popolare Luino e Varese (BPLV):

1. a corporate liability action, approved and confirmed by an Ordinary General Meeting of BPLV on 3rd April 2001, brought in order to obtain compensation for damages caused to BPLV in relation to acts of maladministration performed by the aforementioned Director as Chairman of the Board of Directors of BPLV. In the court of first instance the Court of Varese ordered the former Director of BPLV to pay BPU, as the universal successor of BPLV the sum of € 3.620.621 in damages plus interest and legal expenses and the appeal is currently in progress (next hearing: 5/6/2007);
2. on his part the aforementioned former Director of BPLV has taken the following legal action against BPU, Banca Carime and some officers and former officers in the BPU Group:
 - a) an application to render null and void the resolution approved by an Extraordinary General Meeting of BPLV on 9/5/2003, with which it was resolved to merge Banca Popolare Commercio e Industria (BPCI) e Banca Popolare di Bergamo (BPB), with the creation at the same time of BPU, after first suspending the effects of that resolution and for compensation to be paid for the damages caused by that merger. In the court of first instance the Court of Varese dismissed all the demands of the applicant and the case is currently pending before the Court of Appeal of Milan (next hearing: 2/12/2008);
 - b) an application to render null and void the previously mentioned resolution of an Ordinary General Meeting of BPLV of 3/4/2001, which approved and confirmed the claim for damages made against a former Director of BPLV, as Chairman of the Board of Directors of BPLV. In the court of first instance the Court of Varese dismissed all the demands of the applicant. On appeal, the Court of Appeal of Milan confirmed the ruling of the court of first instance and ruled in favour of BPU ordering the applicant to pay full legal costs;
 - c) an action for damages brought by the former Director of BPLV against BPCI and its current and former corporate officers, in relation to claims of violating a Memorandum of Intent signed between BPCI and BPLV on 21/12/1995. In the court of first instance the Court of Varese dismissed all the demands of the applicant and the case is currently pending, following an appeal application, before the Court of Appeal of Milan (next hearing: 15/5/2007);
 - d) an application, made jointly with another former Director of BPLV, to render null and void the resolutions: (i) of the Board of Directors of BPCI, of the subsequent agreements stipulated with Banca Intesa and of the deeds signed, also through supposed intermediaries, for the purpose of the acquisition of Carime; (ii) of the Extraordinary General Meeting of BPCI of 27/4/2002 to amend the Corporate Statute and authorise the Board of Directors in relation to an increase in the share capital by euro 300 million, with regard to the acquisition of Carime; (iii) of an Ordinary General Meeting of BPCI of 27/4/2002 which approved the 2001 Annual Report. In the court of first instance the Court of Milan dismissed all the demands of the applicants and in the court of second instance the Court of Appeal of Milan upheld the ruling, passing the case back to the court of first instance, however, for the necessary further proceedings with regard to Banca Intesa as the seller of the Carime shares. The two former directors of BPLV then made an appeal to the Court of Cassation, against the ruling of the Court of Appeal, where BPU and Carime formally opposed it.

Due information on the developments of all the litigation mentioned above has been reported as events unfolded in the consolidated quarterly and half year financial reports of BPU under the heading "Information on corporate litigation" in the section "Other Information".

Given the above, a settlement agreement has been drawn up (and already approved, insofar as it is empowered, by the Board of Directors of BPU in a meeting of 13/11/2006) and was signed by the relative parties (BPU and the aforementioned former Director of BPLV, as well as by the other former Director of BPLV mentioned in point 2d, in agreement with it) on 4/12/2006 with a view to concluding the lengthy litigation described above once and for all. The terms of the agreement are as follows:

- (i) BPU on its part abandons the corporate liability action against the aforementioned former Director of BPLV for acts committed by him as Chairman of the Board of Directors of BPLV and desists from making the consequent financial claims for damages against him;
- (ii) in return the aforementioned former Director of BPLV abandons legal action taken against BPU, Carime and current and former corporate officers of the BPU Group;
- (iii) a reciprocal agreement (between the former Director of BPLV and BPU) not to make any further claims and not to initiate any further legal action concerning the matters disputed in the litigation.

However, the effectiveness of the settlement agreement is dependent on a resolution by a General Meeting of BPU to agree to the terms of the agreement and to consequently abandon the corporate liability action mentioned in point 1). Until that moment the agreement will have not effect, with the sole and only exception of formalising the applications to adjourn existing cases, while waiting for the above mentioned agreement to become effective. Furthermore the agreement in question expires if the aforementioned shareholders' resolution is not approved by BPU not later than 31/7/2007.

The settlement agreement will also be considered concluded when all the parties acting in the various cases of which the litigation in question is composed have signed declarations to abandon the actions in which they are involved; finally, the legal experts representing those persons are required to formally waive the 'solidarity' specified by article 68 of the "professional" law governing lawyers.

As concerns the applicability of the settlement agreement in question, it does not include the reimbursement of BPU by the aforementioned Director of BPLV of the amount which was paid by BPLV for an administrative fine imposed by the Ministry of the Treasury on the former Director himself (amounting to € 7.746,85), in relation to which there is an obligation to reimburse BPU as the universal successor to BPLV.