Strictly private and confidential

Fairness opinion on the share exchange ratio for the merger by incorporation of Banca Lombarda e Piemontese S.p.A. into Banche Popolari Unite S.C.p.A.

12 December 2006

Contents

1. INTRODUCTION TO METHODOLOGY

1.1 FOREWORD

Rothschild S.p.A. ("Rothschild") has been appointed by the Board of Directors of Banca Lombarda e Piemontese S.p.A. ("Banca Lombarda" or "BL") to provide an opinion on the fair value of the share exchange ratio ("Exchange Ratio") to be proposed to the shareholders at the Extraordinary Shareholders' Meeting (the "Meeting") in relation to the proposed merger ("Proposal") by incorporation (the "Merger") of Banca Lombarda into Banche Popolari Unite S.C.p.A. ("BPU", together with BL "the Banks").

1.2 PURPOSE AND SCOPE OF THE WORK CARRIED OUT

The purpose of the work carried out is to provide the Board of Directors of Banca Lombarda with an opinion on the fair value of the Share Exchange Ratio that will be proposed to the Shareholders' Meeting for the Merger transaction.

This opinion (the "Opinion") has been prepared for the exclusive use of the BL Board, to support it in taking the decisions for which it alone is responsible, in relation to the approval of the Proposal. It is one of the factors taken into consideration by the BL Board of Directors when deciding on the submission of the Merger for shareholder approval. The work carried out must not be interpreted by any Banca Lombarda shareholder as being a recommendation regarding the exercise of the right to vote in the Meeting.

The Opinion and all the information, analyses, circumstances and information contained herein are extremely confidential and for the exclusive use of the BL Board of Directors. It is therefore prohibited to disclose to third parties (in whole or in part), as well as to distribute, in any manner whatsoever, the information, analyses, processes and results contained herein, even in a summarised or partial format, without the prior written authorisation of Rothschild.

In addition, the Opinion does not constitute, nor may it be interpreted as, or considered similar to, a report as defined under Article 2501-*sexies* of the Italian Civil Code, an expert opinion as defined in Annex 3A of CONSOB Regulation 11971/99, or a report as defined under the same Regulation.

1.3 LIMITATIONS AND DIFFICULTIES IN THE VALUATIONS

The valuations produced by Rothschild are to be interpreted bearing in mind the main assumptions and limitations indicated below:

- the conclusions set out in this Opinion are based on the entirety of the valuations contained herein; therefore, no part of the Opinion may be used separately, either in complete or summarised format, from the Opinion in its entirety. In addition, Rothschild accepts no direct or indirect liability for losses that may arise from the incorrect use of the information contained herein;

- the results obtained in this Opinion must be read solely and exclusively in relation to the determination of the Share Exchange Ratio and may not be considered representative of:
  - a "stand alone" valuation of each company involved in the Merger and prices at which the Banca Lombarda or BPU stock may or may not be traded on public markets;
  - the price attributed by the markets to the shares of the companies involved or that would be attributed to them if they were listed;
  - the realisable value within a sale transaction involving one of the businesses or companies considered individually.

It has been assumed that the Merger will be carried out in accordance with the conditions agreed and that all the authorisations required to complete the transaction have been obtained without any major negative impact on the Banks.

Moreover, the comments made in the Opinion and the valuations contained herein are based on the fact that Rothschild has not carried out any full or partial due diligence or other independent audit or estimate of the assets or liabilities of Banca Lombarda and BPU and the data and information provided by BL and BPU for the performance of the mandate, including the economic-financial projections for each group, relating to the period 2006-2008. Therefore, Rothschild accepts no liability for the information forming the basis of the valuations contained in this Opinion, or in relation to their accuracy or completeness, any detrimental consequences to parties who have relied on any statement, conclusion or opinion contained in this Opinion. Finally, nothing reported in this document may be considered as a guarantee or indication of the future economic and financial results and equity position of BL, BPU or their subsidiaries.

The analyses and considerations have been made with reference to the existing organisational and functional configuration of BL and BPU, as well as the economic, monetary, market, and regulatory conditions and in general are based on the information available as at 7 December 2006. Events subsequent to the date of this Opinion could impact, even significantly, on the assumptions, considerations, valuations and results thereof. Rothschild accepts no obligation to update, amend or confirm the contents of this Opinion.

The main difficulties encountered in the valuation process are summarised below:

- use of forecast data: the valuation analyses have been performed using forecast data, which by its very nature, entails a degree of uncertainty and potential inconsistency in relative terms;
- estimate of the adjustment coefficient that can be associated with the different competitive positions of the Banks: an adjustment factor has been applied to the exchange ratio values determined using the Dividend Discount Model due to the different legal status of the Banks.

Such adjustment has been calculated on the basis of valuations, estimates and empirical analyses which by their very nature are uncertain and variable;

- valuation criteria: the estimates performed reflect the limitations and particular features of the various valuation methods used, partly compensated by the joint analysis of the results.

1.4 REFERENCE DATE AND DOCUMENTATION USED

This Opinion has been based on the financial statements of the Banks as at 30 September 2006. No change in the situation of the Banks - of a financial, economic, equity or other nature - subsequent to this date has been taken into account in preparing this Opinion, except for any significant events, expressly brought to the attention of Rothschild by the Banks which could influence the Exchange Ratio.

The following documentation has been obtained and examined in order to carry out the work:

- For Banca Lombarda:

– the statutory and consolidated financial statements for the years 2003, 2004, 2005;

– the consolidated half-yearly report as at 30 June 2006;

– the consolidated quarterly report (not audited) as at 30 September 2006;

– the number of Banca Intesa shares owned by BL and the respective original carrying value and balance sheet value after IAS application as reported by the company;

– the number of ordinary BL shares issued during 2006 following (i) the execution of the capital increase concluded on 20 July 2006 and (ii) exercise of stock options by the bank's management;

– extract of BL's 2006-2008 consolidated economic-financial plan, the summary of which was notified to the market on 21 March 2006

- For BPU:

– the statutory and consolidated financial statements for the years 2003, 2004, 2005;

– the consolidated half-yearly report as at 30 June 2006;

– the consolidated quarterly report (not audited) as at 30 September 2006;

– the BPU group's 2006-2008 consolidated economic-financial plan, the summary of which was notified to the market on 13 December 2005.

Rothschild has also considered the information in the public domain considered relevant for the purposes of the analyses, relating to BPU, BL and listed companies deemed to be comparable with the Banks, with particular reference to the economic and financial projections and market prices.

2. DESCRIPTION OF THE TRANSACTION AND FINANCIAL CONDITIONS

On 13 November 2006, the Boards of Directors of BL and BPU authorised the respective Chairmen to sign a framework agreement ("Framework Agreement") intended to set out the key aspects of the Merger between the two Banks. The Merger will be formally completed through the incorporation of Banca Lombarda into BPU, with the creation at the same time of a listed holding company having the legal status of a cooperative company. The merger should be effective as from 1 April 2007.

Under the Framework Agreement the financial terms of the Merger set an Exchange Ratio of 0.83 BPU ordinary shares for each BL share and payment of a 2006 dividend of €0.8 per share to all shareholders of the New Group. The Exchange Ratio has been defined with reference to the financial statements of the Banks at 30 September 2006. No provision is made for a cash consideration.

The Transaction, which has received the full support of the two Groups working in close collaboration, is based on the principle that Banca Lombarda and BPU share equal status. In particular, the Merger will lead to the integration of the Banks, with the formation of a listed holding company, whose role will be to draw up strategic policy and exercise control over all the structures and companies of the New Group, within which the network banks will, however, retain operating autonomy over the geographical areas in which they have been based traditionally, combining such elements with greater efficiency of their respective structures.

The Transaction provides for a system of corporate governance that allows at the same time (i) solid management and governance unity and (ii) representation in the banking combination of the original components of Banca Lombarda and BPU respectively, in accordance with an equal status and alternating mechanism principle. The new Group will be based on a dualist-type model, in terms of:

- balanced distribution of corporate offices, as illustrated in the following table
- balanced division of general management functions between the three main centres of Bergamo, Brescia and Milan.

Corporate governance

	Supervisory Board	Management Board
Members	23, of whom : - 11 representing Banca Lombarda - 11 representing BPU - one representing the minorities	10, of whom - five representing Banca Lombarda - five representing BPU
Chairman	Banca Lombarda (alternating with the Management Board)	BPU (alternating with the Supervisory Board)
Deputy Chairman	BPU (alternating with the management)	Banca Lombarda (alternating with the management)
Managing Director	--	BPU
General Manager	--	Banca Lombarda

The Framework Agreement has stated specifically that:

- any treasury shares held by the Banks will not exceed the maximum quantity laid down by the resolutions adopted by the respective shareholders' meetings;
- no action has been taken by the Banks incompatible with the completion of the Merger and such as to alter significantly their own equity and financial structure and that of the respective group;
- the Exchange Ratio may be reviewed if the accounting, legal and administrative due diligence (hereunder, the "Due Diligence") should reveal net total variances of more than 5% of each banking group's consolidated net equity.

Absent, abstaining or dissenting BL shareholders in the Meeting to approve the Merger may exercise the right to withdraw in accordance with article 2437 of the Italian Civil Code. The right to withdraw may be exercised on the basis of the arithmetic mean of the price of the BL share in the six months prior to the publication of the notice convening the extraordinary shareholders' meeting called to deliberate on the Merger's approval. The Framework Agreement states that the Merger will be effective only if the number of shareholders representing more than 10% of BL's share capital do not exercise the right of withdrawal. This condition may be waived by mutual agreement between BL and BPU.

Since 13 November 2006 the parties have proceeded to perform the Due Diligence and the articles of association have been drafted to include the corporate governance forecasts contained in the Framework Agreement. Rothschild has verified that the results of the Due Diligence, concluded in the first half of December 2006, were not such as to require any modification to the respective valuations of the Banks and hence to the Exchange Ratio.

3. IDENTIFICATION OF THE VALUATION METHODS

The valuations have been carried out with a view to expressing a comparative estimate of the BL and BPU values, placing particular importance on the consistency and comparability of the criteria adopted to determine the absolute value of the entities considered individually. They are to be seen merely in relative terms and with limited reference to the Merger.

The same valuation methods have been applied to both companies in order to ensure the consistency of the valuation process, taking into account the specific features of each company and the Banks' status as companies with listed shares.

For the purpose of the Exchange Ratio valuation, Rothschild has used as its main methodologies the Dividend Discount Model ("DDM"), the market multiples method and the market value method. The Exchange Ratio has also been verified through a contribution analysis.

3.1 DIVIDEND DISCOUNT MODEL ("DDM")

The Excess Capital variant of the Dividend Discount Model defines the economic value of a bank as the sum of the following:

- the present value of future dividend flows generated within a pre-determined time horizon distributable to shareholders whilst maintaining an adequate level of capitalisation and
- the present value of the "Terminal Value", calculated considering the cost of equity and the distributable dividend flow consistent with the presumed long-term rate of growth.

It was decided to use the Excess Capital variant of the DDM in preference to the pure DDM (which discounts to present value the flows distributable under the dividends policy adopted by the company), since this variant is considered to be more suitable for bank valuation purposes. In fact, this variant disregards the dividend distribution policy announced or pursued historically by the company being valued and allows a greater degree of consistency.

To calculate the maximum distributable dividend for application of the method, the minimum level of capitalisation has been defined that ensures the operating effectiveness of the companies, quantified as a Core Tier I coefficient of 7.0%.

The DDM – Excess Capital method hence estimates the value of the bank's economic capital based on the following formula:

$$W = DIV_a + VT_a + SA$$

where:

W	represents the economic value of the bank being valued;
DIV_a	represents the present value of future dividend flows distributable to the shareholders in an identified time horizon, maintaining a satisfactory level of capitalisation;
VT_a	represents the present value of the bank's "Terminal Value";
SA	value of the surplus assets.

The DDM – Excess Capital method is developed through the following phases:

1. Identification of future economic flows and the reference time frame

For the purposes of this valuation, a specific time horizon of 2006-2008 has been assumed for determining the flows based on the economic-financial plans of BL and BPU; in order to normalise the earnings of the two companies their growth has been assumed to reduce gradually up to 2010 when the assumed long-term rate of growth is reached (equal to 2.5%); after 2010 the value of BPU and BL has been determined by discounting the Terminal Value to present value.

2. Determination of the discount rate

The discount rate applied to the flows represents the rate of return on equity required by shareholders for investments with similar risk characteristics, and has been calculated on the basis of the Capital Asset Pricing Model ("CAPM"), using the following formula:

$$K_e = Rf + \textit{Beta} \times (Rm - Rf)$$

where:

Rf	"*risk-free rate*", namely the rate of return for risk-free investments, assumed equal to the yield of 10 year BTP (3.92%).
Rm – Rf	"*market risk premium*", namely the premium for the risk of investments in shares compared to a risk-free investment set at 5.5%
Beta	the correlation coefficient between the effective return on an asset and the total return for the reference market (this measures the volatility of the share compared to the market portfolio). An identical beta of 0.84 has been assumed for the Banks, corresponding to the beta for BL indicated by Bloomberg.

Therefore for valuation purposes a discount rate of 8.54% has been estimated for both Banks.

3. Calculation of the Terminal Value

The Terminal Value has been calculated on the basis of the Gordon formula:

Terminal Value = Sustainable dividend / (Ke – g)

where:

g — indicates the nominal rate of growth sustainable over the long-term in relation to the assumed dividend distribution policy. An identical long-term growth rate equal to 2.5% has been assumed for the Banks;

K_e — indicates the discount rate represented by the cost of the risk capital, as calculated in the previous paragraph.

The valuation of Banca Lombarda has also taken account of the latent gain on the investment in Banca Intesa which would not have been calculated using the simple DDM method: in fact, based on IAS standards, the gain relating to the mark to market of the investment in Banca Intesa is not counted as earnings, but contributes to the change in the valuation reserve. Therefore since this gain does not form part of the Tier I capital, it would not be adequately reflected in the dividend flows estimated for the shareholder in the absence of a separate valuation.

Sensitivity analyses have been carried out regarding the most important assumptions made in order to better appreciate the sensitivity of the values obtained in relation to the main valuation parameters used.

Value per BL share (€) – Sensitivity analysis

		Long Term Growth "g"				
		2.00%	**2.25%**	**2.50%**	**2.75%**	**3.00%**
Ke	**8.0%**	15.4	15.7	16.0	16.3	16.6
	8.3%	14.8	15.0	15.3	**15.6**	15.8
	8.5%	14.3	14.5	14.7	14.9	15.1
	8.8%	13.7	**13.9**	14.1	14.3	14.5
	9.0%	13.3	13.4	13.6	13.7	13.9

Value per BPU share (€) – Sensitivity analysis

		Long Term Growth "g"				
		2.00%	**2.25%**	**2.50%**	**2.75%**	**3.00%**
Ke	**8.0%**	25.2	25.5	26.0	26.4	26.9
	8.3%	24.1	24.5	24.8	**25.2**	25.7
	8.5%	23.2	23.5	23.8	24.1	24.5
	8.8%	22.3	**22.6**	22.8	23.1	23.4
	9.0%	21.5	21.7	22.0	22.2	22.5

Based on the assumptions made a value per BL share has been defined between €13.9 and €15.6 and a value per BPU share between €22.6 and €25.2.

Taking account of the fact that, under the Merger, Banca Lombarda shareholders will be subject to a change in the administrative rights associated with their shares, an adjustment coefficient ("Adjustment Coefficient") has been assumed to apply to the exchange ratio obtained using the DDM method, in order to take account of the different level of possibility of a takeover bid characterising the different legal status of the two Banks. Considering that *banche popolari* (mutual banks) on average feature lower multiples than joint stock banks (*S.p.A.*) which feature a high level of possibility to be subject to a takeover bid, the Adjustment Coefficient has been estimated as the ratio between the multiples of listed *banche popolari* with significant traded volumes and the joint stock banks which have been the subject of rumours about possible mergers and whose share prices have been most greatly affected by market expectations regarding a possible merger/acquisition. This approach should allow the value related to the different legal status of the joint stock banks to be taken into account. In order to determine the value of the Adjustment Coefficient sensitivity analyses have been completed in relation to the reference sample and to the time period for observing market prices considered for estimating the implicit multiples.

Based on the results of the analyses completed, the Adjustment Coefficient falls between 1.25 and 1.35.

The Adjustment Coefficient has been applied solely in the case of the DDM method, since both the market multiples method, based on two different samples for BPU and Banca Lombarda, and the market price method, in terms of the time horizon considered, already incorporate implicitly the adjustment due to the different legal status of the two Banks.

3.2 MARKET METHODS

Market multiples method

The market multiples method is based on market Prices of a sample of companies comparable with those being valued. In an efficient market without speculative tendencies, the market price of the shares reflects, in fact, the market's expectations about the rate of growth of the company's future earnings and the degree of risk and volatility associated therewith. Any speculative tendencies lead to the market price incorporating the expectation of the future economic benefits arising from a merger transaction.

To apply the method in question a number of ratios ("multiples") are calculated for the companies making up the sample of comparable companies. These are ratios of market value to a number of significant variables, typically forecast net income and book value. The average ratios thus obtained for the sample are then applied to the same variables of the company being valued, in order to obtain the theoretical value attributed thereto by the market.

Reference has been made to the following multiples for purposes of the BL and BPU valuation:

- market value/expected net income (P/E)
- market value/book value (P/BV)

The sample used for the application of the market multiples method has been differentiated for BL and BPU in view of the different legal status of the two Banks. In particular, for BL reference has been made to joint stock banks and which have been the subject of recent speculation about merger transactions:

- Capitalia
- Monte dei Paschi di Siena
- Cassa di Risparmio di Genova
- Cassa di Risparmio di Firenze

For these banks it may be assumed that market prices will incorporate the value related to a possible takeover bid. All the banks considered are characterised by liquid stock, adequately covered by the analysts.

For BPU a sample of banks has been considered having cooperative company status, featuring liquid stocks adequately covered by the analysts, excluding Banca Popolare Italiana since its price has been affected positively by the acquisition taking place:

- Banca Popolare di Verona e Novara
- Credito Valtellinese
- Banca Popolare di Milano

The multiples have been calculated by referring to the average price for the last quarter compared to 7 December 2006. The multiples on book value have been calculated on the basis of the banks' book values as at 30 September 2006 (date of the reference balance sheet for the Merger), any adjustments in the event of capital increases carried out after that date. No reference has been made to the multiple on tangible book value (book value less any goodwill stated under assets) since the value shown for goodwill as at 30 September 2006 was not available for all the banks considered in the reference samples.

The P/E multiples for 2006, 2007 and 2008 for the sample of banks considered was calculated on the basis of the estimates of the consensus of the financial analysts (source: I/B/E/S).

The impact of the extraordinary items contemplated in the economic-financial plan was taken into account when applying the multiples to BPU.

	Mkt cap (€m)	P/BV3Q 06	P/E 06	P/E 07	P/E 08
Banks S.P.A.					
Monte Paschi Siena	14,614	1.90x	15.7x	13.7x	11.8x
Capitalia	17,635	1.89x	16.5x	12.9x	11.1x
Carige	5,356	2.01x	29.8x	26.0x	25.3x
CR Firenze	3,450	2.16x	17.4x	16.0x	13.9x
Average		**1.99x**	**19.8x**	**17.2x**	**15.5x**
Cooperative banks					
BPVN	8,119	1.85x	11.8x	11.2x	10.2x
BPM	4,771	1.47x	15.1x	13.1x	11.5x
Creval	1,138	1.32x	16.6x	13.0x	10.6x
Average		**1.55x**	**14.5x**	**12.4x**	**10.8x**

Based on the assumptions made a value has been defined for the BL share between €15.6 and €17.1, inclusive of the Adjustment Coefficient, and a BPU share value of between €18.4 and €22.0

Market price method

The market price method defines the value of the company being valued on the basis of the capitalisation expressed on the basis of the prices of the shares traded on public stock markets. In particular, the market price method is considered to be important for valuing listed companies, when the average volumes traded are significant.

The ratio between the market prices of the Banks does therefore allow reference to be made to an implicit exchange ratio that can be inferred from the market in relation to different time horizons being examined.

For BPU and BL, the market capitalisation is deemed to be representative of their economic value since (i) the two stocks are traded in the Blue Chip segment of the MTA (Electronic Stock Market) and (ii) the stocks feature an adequate level of daily liquidity.

The BPU and BL prices have been considered up to the date of 10 November 2006, this being the last day on which BPU and BL stocks were traded before the Merger was announced. After that date the share prices have been clearly affected by the announcement and therefore are not important for the purposes of this analysis.

Since September 2006, BL stock has recorded significant price growth also as a result of market rumours about BL possibly being involved in merger or acquisition transactions. One can presume that this has gradually resulted in the expectation of an extraordinary finance transaction being reflected in the share price. This situation has allowed reflecting in the market price of the BL stock the value linked to the possibility of a takeover bid empirically estimated through the Adjustment Coefficient.

	Average per share (€)		Weighted average per share (€)		Exchange ratio	
	BL	BPU	BL	BPU	Average	Weighted average
Spot (10 Nov 2006)	17.82	20.85	--	--	0.85	
1 Week	17.85	21.43	17.85	21.24	0.83	0.84
1 Month	17.33	21.78	17.37	21.70	0.80	0.80
3 Months	16.07	21.69	16.50	21.70	0.74	0.76

3.3 CONTROL METHODOLOGY: CONTRIBUTION ANALYSIS

The contribution method identifies the respective weight of the companies taking part in the merger. This method does not therefore express absolute values, rather relative contributions made by each company to the new entity resulting from the merger. The criterion in question, in particular, is based on comparing economic-financial-operational variables considered to be significant with regard to the banks involved in the incorporation process.

In application terms, for each of the variables selected, the value per corresponding share has been identified, based on which, taking account of the Adjustment Coefficient described previously, the implicit exchange ratio has been defined.

€m	BL	BPU	BL + BPU	Exchange ratio	
				Adj. Coefficient	
				1.25	1.35
Loans to customers	29,954	49,798	79,753	0.73	0.79
Total deposits	74,501 *(1)*	106,789	181,290	0.85	0.91
Direct deposits	*30,036*	*51,526*	*81,562*	0.71	0.76
Shareholders' equity	2,819 *(2)*	4,893	7,712	0.70	0.75
Total income	1,166	1,958 *(3)*	3,123	0.72	0.78
Gross operating result	534	820 *(3)*	1,354	0.79	0.85
Ordinary profit before tax	457	702 *(3)*	1,159	0.79	0.85
Net income	232 *(4)*	374 *(3)*	606	0.75	0.81
Branches (#) in Italy	792	1,181	1,973	0.81	0.88

Sources: analysts' presentation of the Proposal on 14 November 2006, consolidated quarterly reports as at 30 September 2006 of Banca Lombarda and BPU, Banca Lombarda press release of 20 October 2006, Banca Lombarda internal data

Notes

Data reclassified according to consistent criteria as in the presentation of the Proposal of 14 November 2006

(1) Net of €4,812 million of duplications in indirect deposits

(2) Inclusive of €31 million capital increase as a result of the exercise of the stock option plan reserved to management as in the press release of 20 October 2006

(3) Net of non-recurring items

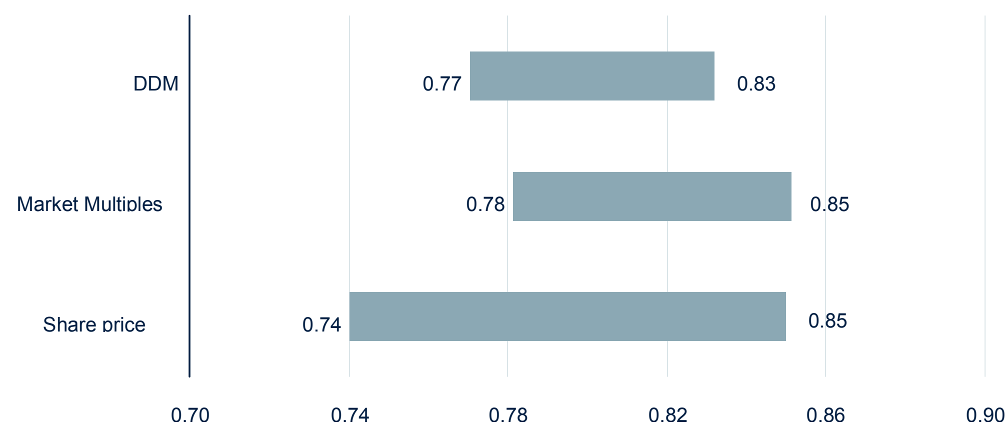
(4) Net of the earnings of the groups of assets in the course of disposal net of taxes

4. THE EXCHANGE RATIO FOR PURPOSES OF THE MERGER

4.1 DETERMINATION OF THE EXCHANGE RATIO

In order to determine the Exchange Ratio, Rothschild has compared the BL and BPU values with reference to the principle of consistency of valuation, which has translated into the comparison of the values obtained using the same methods for both companies.

The graph below summarises the intervals for the Exchange Ratio obtained applying each method and taking into account the Adjustment Coefficient previously described for the DDM:



The Exchange Ratio values obtained using the methods described have also been verified by considering the contribution of the two Banks to the aggregated financials of the New Group, taking account of the Adjustment Coefficient. The contribution analysis has identified an interval for the Exchange Ratio of between 0.70-0.91 BPU ordinary shares for each Banca Lombarda share.

Based on the analyses set forth in this Report, Rothschild considers that the Exchange Ratio of 0.83 BPU ordinary shares for each BL share is appropriate for the Banca Lombarda shareholders.