FAIRNESS OPINION PREPARED FOR BANCA INTESA S.P.A. BY PROF. P. IOVENITTI AS CONCERNS THE SALE OF ASSETS TO CRÉDIT AGRICOLE S.A.

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Milan, 11 October 2006

To:
Board of Directors
BANCA INTESA Spa
Piazza Paolo Ferrari, 10
20121 – MILAN

RE: ***Fairness Opinion* on the price agreed by Banca Intesa Spa for the sale to Credit Agricole SA of shareholdings in Cassa di Risparmio di Parma e Piacenza Spa and Banca Popolare FriulAdria Spa, the sale of select bank branches, and the purchase[1] from the Credit Agricole group of a shareholding in CAAM SGR Spa(*)**

1. Introduction

The author has been engaged to formulate a Fairness Opinion on the price agreed by Banca Intesa Spa for the sale to Credit Agricole SA of shareholdings in Cassa di Risparmio di Parma e Piacenza Spa (hereafter, "Cariparma Spa") and Banca Popolare FriulAdria Spa (hereafter, "FriulAdria Spa"), for the sale of select bank branches, and for the purchase from Credit Agricole group of a shareholding in CAAM SGR Spa, in the context of the merger transaction between Banca Intesa Spa and Sanpaolo IMI Spa.

In particular, the sale and purchase considerations for which the Fairness Opinion has been requested relate to the following transactions:

- the sale by Banca Intesa Spa to Credit Agricole SA of shares representing the whole share capital of Cariparma Spa for a total amount of €3,800 million;
- the sale by Banca Intesa Spa to Credit Agricole SA of shares representing 76.05% of the share capital of FriulAdria Spa for a total amount of €836.5 million;
- the sale by Banca Intesa Spa to Credit Agricole SA of 193 bank branches for a total amount of €1,330 million;
- the sale by Credit Agricole SA to Banca Intesa Spa of shares representing 65% of the share capital of CAAM SGR Spa for a total amount of €815.8 million ± adjustments specified in this document below.

The request for this Fairness Opinion by Banca Intesa Spa falls within the existing legislative and regulatory framework relating to "transactions with related

*This Fairness Opinion summarizes the conclusions of the considerations and valuation analysis contained in the document entitled Technical Note prepared by the author.

[1] The acquisition would take place following the exercise of an option subject to an agreement between Banca Intesa Spa and Credit Agricole SA to constitute a pan-European asset management company not being realised.

Explanation added for the translation into English.
This English translation of the Italian original has been prepared solely for the convenience of the reader. The original version in Italian takes precedence.

parties"[2] which can be summarised as follows:

- Article 2391 *bis* of the Italian Civil Code relating to "transactions with related parties";
- TUIF (the Consolidated Financial Services Act) and Regulations implementing it;
- Consob Resolution no. 13616 of 12 June 2002; Consob Communication no. 97001574 of 20 February 1997; Consob Communication no. 98015554 of 2 March 1998; Consob Communication no. 2064231 of 30 September 2001; Consob Communication no. 3022996 of 10 April 2003;
- International Accounting Standard (IAS) no. 24;
- the Corporate Governance Code adopted by Banca Intesa Spa[3].

For the purposes of this engagement, the author:

- received financial documents and other information from Banca Intesa Spa relating to:
  - Banca Intesa Spa: Consolidated Report as at 30 June 2006; *Agreement between Credit Agricole SA and Banca Intesa Spa*;
  - Cariparma Spa: Articles of Association (rev. September 2004); 2005 Annual Report; 2006 Interim Report; 2006 Budget; 2007-2009 Business Plan;
  - FriulAdria Spa: Articles of Association (rev. June 2004); 2005 Annual Report; 2006 Interim Report; 2006 Budget; 2007-2009 Business Plan;
  - Bank branches: list of branches and information on principal logistic-operational aspects; 2006-2009 Business Plan;
  - CAAM SGR Spa: Articles of Association; 2005 Company and Consolidated Report; 2006-2008 Business Plan; Sale and Purchase Agreement for shares in

[2] Banca Intesa Spa and Credit Agricole SA are to be considered Related Parties as, on the last date reported (10 July 2006), Credit Agricole SA held 1,073,170,507 shares (with voting rights) in Banca Intesa Spa, representing 17.84% of voting capital.

[3] As detailed in Banca Intesa Spa's report on the Corporate Governance System and Compliance with the Corporate Governance Code for Listed Companies (2006) "*The Board of Directors approved "Internal regulations on transactions with related parties", which define the guidelines for closing transactions with related parties and, in particular, so called "significant" transactions, i.e. the most significant transactions in terms of financial, economic or balance sheet impact, which must be submitted to the approval of the Board of Directors. The "significant" transactions are identified using qualitative and/or quantitative criteria and are, for example, the purchase and sale of real estate assets, the purchase or sale of equity investments, companies, business divisions, partnership or joint venture agreements, any transaction, both financial and commercial, whose economic value exceeds €50 million, provided that this is not a typical or standard transaction, framework agreements regulating the provision of multiannual intergroup services and the grant to companies within the banking group and to related parties of loans or guarantees exceeding predetermined quantitative thresholds. The Regulations also define the general criteria for information to be provided to the Board with regard to transactions with related parties, which – since they do not have the characteristics of relevance and significance indicated above – fall within the autonomy of the Managing Director or of other competent structures, for the purpose of ensuring the fairness in the procedures and the substance of such transactions. …Where the nature, value or other aspects of a transaction with related parties make this necessary, the Board, in order to avoid different conditions being agreed from those that would presumably have been agreed between unrelated parties, shall ensure that the transaction is concluded with the assistance of independent experts for the provision of financial, and/or legal and/or technical advice (fairness opinion and legal opinion)…*".

Nextra Investment Management SGR Spa dated 24 October 2005;

- o met with several representatives of the management of Banca Intesa Spa directly involved in the Banca Intesa/Sanpaolo IMI merger transaction to gather information on the capital and earnings profile of the assets to be sold/bought and on their operational prospects;
- o met with the advisors of Banca Intesa Spa (legal and financial) to gain an understanding of the contractual aspects of the Banca Intesa/Credit Agricole transaction and the value components of the assets to be sold/bought.
- o gathered additional financial documentation and information relating to the assets to be sold/bought, considered relevant to the engagement to be performed, from public sources (e.g., web sites).

In relation to the financial documentation and other information made available, the author declares that he relied upon this information as provided and on the assumption that it was authentic and correct: in addition, the author wishes to clarify that he made no verification of the documentation provided.

This Fairness Opinion should be regarded as equivalent to a "*Parere di Congruità*" (or Opinion of Appropriateness), a document frequently cited in Italian Company and Securities Law[4], the purpose of which is to express an independent view on value in relation to the sale/purchase consideration agreed for the assets detailed above.

In this context, the etymological meaning of "*congruità*" (appropriateness) is based not only on the body of legislation referred to above, but also on the semantic significance indicated in well-established, authoritative sources ("*Il vocabolario Treccani*" and "*Lo Zingarelli – Vocabolario della lingua italiana*") according to which

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[4] This refers to:

- the <u>*fair valuation*</u> ("*equo apprezzamento"*) required of an arbitrator under Article 1349 of the Italian Civil Code;
- the <u>*certification of price*</u> ("*attestazione sul prezzo"*) of assets/receivables sold by shareholders, sponsors, founders or directors to the company in the first two years of after it is entered in the Companies Register, as required under Article 2343-*bis* of the Italian Civil Code;
- the <u>*opinion on appropriateness*</u> ("*parere sulla congruità"*) of the issue price of shares expressed by the Statutory Board of Auditors when pre-emption rights are excluded or limited, in accordance with Article 2441, paragraph 6 of the Italian Civil Code;
- the <u>*report on appropriateness*</u> (*"relazione sulla congruità"*) of the share exchange ratio in a merger or disposal (which by standard theory and legal precedent are considered to have a price) in accordance with, respectively, Articles 2501 *sexies* and 2506 *ter* of the Italian Civil Code (also taking into consideration Consob Communication no. 73063 of 5 October 2000 which contains the "Reporting format for independent auditors in relation to merger and disposal transactions");
- the <u>*normal value*</u> ("*valore normale"*) as defined by Article 9 D.P.R. of 22 December 1986, no. 917 (Tax Code), paragraph 4, letter b) relating to shares not traded on regulated markets.

In all of the cases referred to above, the intent of the Legislator (according to civil or tax code) is to guarantee the position of third parties in establishing a price for the exchange or transfer of an asset, by requiring the involvement *super partes* of an independent professional.

the meaning of "*congruità*" is also defined contextually by the following concepts: *equità* (equity); *equo apprezzamento* (fair value); *adeguatezza* (adequacy); *correttezza* (correctness); *convenienza* (value for money); *proporzione* (proportionate); *rispondenza a determinate esigenze* (responding to determined needs); *opportunità* (expediency).

It should be qualified that Fairness Opinions (or "*Pareri di Congruità*" as defined above), the purpose of which is to evaluate a contractual price, can be formulated in different ways, according to standard professional practice:

- by performing an *ex novo* calculation, including the use of methodologies which differ from those used originally to determine the price upon which the opinion is being expressed;
- by critically examining the methodology followed to determine the price upon which the opinion is being expressed, through analysis of the specific valuation methods used and the basic assumptions and parameters applied.

For this engagement, the author adopted the second alternative, in consideration of the significant amount of valuation work already carried out which is based on established business theory and professional practice.

The author set the objective of determining a "fair value" price, a complex concept which contextually may be intended to mean:

- the strict interpretation based on the International Accounting Standards:
- the price achievable from a competitive auction involving non-related parties;
- the price attributed by the market to assets bought and sold in which the current value and related <u>business strategy</u> is implicit.

It is this latter concept – business strategy – which deserves particular emphasis in the case under consideration. The strategic significance of the sale and purchase considerations upon which the author is to express an opinion should, in fact, be specifically defined:

- for Banca Intesa, as the opportunity represented by the transaction under examination to achieve 100% of one of the most important asset management businesses in Italy, comply with the ruling of the Competition Authority in relation to the concentration of branches, and to avoid an organised auction process which is operationally more expedient;
- for Credit Agricole SA, after 16 years in Italy as main shareholder of the largest Italian bank, as the confirmation of its desire to maintain a significant presence and strategic position in Italy, realisable through the control of a banking entity - formed by the aggregation of Cariparma, FriulAdria and 193 additional branches - capable of achieving a significant market share (5% in thirteen Regions and 10% in five Regions). From this perspective, the "scarcity" factor in forming a new banking group in Italy also assumes some importance for Credit Agricole SA.

2. ***Fairness Opinion*** **on the price for the sale by Banca Intesa Spa to Credit Agricole SA of shares representing the whole share capital of Cariparma Spa for a total consideration of €3,800 million;**

The price to be evaluated refers to the sale of shares in Cariparma Spa. Specifically:

- 500,000,000 shares, representing 100% of the existing share capital of €500,000,000;
- not subject to any dilution effect from convertible securities (bonds or warrants) or a stock option plan;
- ordinary shares[5] having the rights detailed in Article 5 of the company's Articles of Association;
- benefiting from regular dividends;
- free of restrictions, pledges or other clauses and/or auxiliary obligations.

The sale consideration for which the Fairness Opinion has been requested is for a total of €3,800 million. The transaction has the following contractual characteristics (agreed by the Parties):

- method of payment: cash;
- adjustment clause: the agreement establishes objective conditions and procedures for any modification to the consideration, in addition to the preconditions for their application.

In formulating this opinion, the author employed the following steps:

a. <u>review of the valuation methods adopted by the Advisors to determine a value for Cariparma Spa.</u> The methods used were the "Dividend Discount Model" (or DDM), "Discounted Earnings method", "Value Map" (based on the relationship between P/BV and ROE) and "Market Multiples". In the author's view, the last three methodologies were correctly applied and appropriate to the type of company being valued (non-listed credit institution);
b. <u>review of the assumptions made and the parameters chosen in applying the valuation methodologies listed above.</u> This refers to the discount rates and other parameters used in applying the Capital Asset Pricing Model, the growth rate "*g*", the weighting coefficient for expected returns (decreasing over time), the selection of comparable companies, the specific multiples selected (P/BV, P/BV *Adjusted*, P/E, P/E *Adjusted*, ROE, ROE *Adjusted*), the method of averaging the results obtained from the various methodologies;
c. <u>review of the assumptions made for the determination of "fair value".</u> This refers to the joint consideration of the results obtained from the valuation methods listed above and the (average) value expressed by the market for agreements concluded -

[5] On this point, it should be noted that following the recent Company Law Reforms the category of "ordinary shares" is not expressly defined, but this term is intended to refer to a category of shares having full ownership and participation rights: in particular, these shares have full voting rights.

as for the case in question – which further strategic objectives.

Fairness Opinion: **in relation to the above, it is the conclusion of the author that the consideration agreed for the sale by Banca Intesa Spa to Credit Agricole SA of shares representing 100% of the share capital of Cariparma Spa, in the amount of €3,800 million, may be considered appropriate.**

3. <u>*Fairness Opinion* on the price for the sale by Banca Intesa Spa to Credit Agricole SA of a shareholding in FriulAdria Spa</u>

The price to be evaluated refers to the sale of shares in FriulAdria Spa. Specifically:
- 15,510,498 shares, representing 76.05% of the existing share capital of €101,975,060[6];
- not subject to any dilution effect from convertible securities (bonds or warrants) or stock option plan;
- ordinary shares[7] having the rights detailed in Articles 5 and 10 of the company's Articles of Association;
- benefiting from regular dividends;
- free of restrictions, pledges or other clauses and/or auxiliary obligations.

The sale consideration for which the Fairness Opinion has been requested is for a total of €836.5 million[8]. The transaction has the following contractual characteristics (agreed by the Parties):
- method of payment: cash;
- adjustment clause: the agreement establishes objective conditions and procedures for any modification to the consideration, in addition to the preconditions for their application.

In formulating this opinion, the author employed the following steps:

a. <u>review of the valuation methods adopted by the Advisors in determining a value for</u>

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[6] Article 13 of the Articles of Association incorporates laws relating to the constitution of a *quorum* required to pass resolutions in a General Meeting of Shareholders: as such, the outstanding minority share of 23.95% would not be capable of determining the outcome of a resolution and, consequently, for valuation purposes, requiring consideration of a premium or discount. According to the Shareholder Register, the percent share capital of FriulAdria Spa held by the 50 largest shareholders is 78.35%, including the 76.05% share held by Banca Intesa Spa. The remaining shares are in the hands of a very diffuse shareholder group, the same group which held an interest in the Banca Popolare when it was a cooperative (S.c.r.l. or *società cooperativa a responsabilità limitata*).

[7] Please refer to the note on "ordinary shares" in the section on Cariparma Spa.

[8] This purchase consideration was calculated as a proportion (76.05%) of the total value of shares, determined using the methods indicated in the text above.

FriulAdria Spa. The methods used were the "Dividend Discount Model" (or DDM), "Discounted Earnings method", "Value Map" (based on the relationship between P/BV and ROE) and "Market Multiples". In the author's view, the last three methodologies were correctly applied and appropriate to the type of company being valued (non-listed credit institution);

b. review of the assumptions made and the parameters chosen in applying the valuation methodologies listed above. This refers to the discount rates and other parameters used in applying the Capital Asset Pricing Model, the growth rate "*g*", the weighting coefficient for expected returns (decreasing over time), the selection of comparable companies, the specific multiples selected (P/BV, P/BV *Adjusted*, P/E, P/E *Adjusted*, ROE, ROE *Adjusted*), the method of averaging the results obtained from the various methodologies;

c. review of the assumptions made for the determination of "fair value". This refers to the joint consideration of the results obtained from the valuation methods listed above and the (average) value expressed by the market for agreements concluded - as for the case in question – which further strategic objectives.

Fairness Opinion: **in relation to the above, it is the conclusion of the author that the consideration agreed for the sale by Banca Intesa Spa to Credit Agricole SA of shares representing 76.05% of the share capital of FriulAdria Spa, in the amount of €836.5 million, may be considered appropriate.**

4. *Fairness Opinion* on the price for the sale by Banca Intesa Spa to Credit Agricole SA of 193 selected bank branches

The price to be evaluated refers to the sale of:

- 193 bank branches owned by Banca Intesa Spa. These are located in various different Provinces. The number of bank branches to be sold is driven by the requirements of Credit Agricole and the ruling of the Competition Authority: in that context, the configuration of bank branches which would exist after the Banca Intesa/Sanpaolo merger was first examined to determine in which markets the new group would exceed 30%, by number of branches;
- bank branch is intended to mean, for purposes of this transaction, a branch consisting of the assets and liabilities inherent in the deposits and commitment of financial resources in a local area, excluding real estate, which will be replaced by a corresponding lease agreement of an appropriate term;[9]
- the 193 bank branches were represented by the following aggregate operational numbers as at 30 June 2006: Book Value of Net Assets: €407 million; Deposits: €7,622.4 million; Indirect deposits: €11,286.3 million; Loans: €5,017.7 million; Net

[9] This does not take account of the technicalities associated with disposal of the branches: this could take the form of a transfer of the bank branches to the ownership of the two banks to be sold or to a newco (subject to authorisations required under banking legislation).

Income: €50.0 million

The sale consideration for which the Fairness Opinion has been requested is for a total of €1,330 million. The transaction has the following contractual characteristics (agreed by the Parties):

- method of payment: cash;
- adjustment clause: the agreement establishes objective conditions and procedures for any modification to the consideration, in addition to the preconditions for their application.

In formulating this opinion, the author employed the following steps:

a. review of the valuation methods adopted by the Advisors to determine a value for bank branches. The methods used were the “Dividend Discount Model” (or DDM), “Discounted Earnings method”, “Value Map” (based on the relationship between P/BV and ROE) and “Market Multiples”. In the author’s view, the last three methodologies were correctly applied and appropriate to the type of company being valued (non-listed credit institution);
b. review of the assumptions made and the parameters chosen in applying the valuation methodologies listed above. This refers to the discount rates and other parameters used in applying the Capital Asset Pricing Model, the growth rate “*g*”, the weighting coefficient for expected returns (decreasing over time), the selection of comparable companies, the specific multiples selected (P/BV, P/BV *Adjusted*, P/E, P/E *Adjusted*, ROE, ROE *Adjusted*), the method of averaging the results obtained from the various methodologies, the multiples applied to direct and indirect deposits;
c. review of the assumptions made for the determination of “fair value”. This refers to the joint consideration of the results obtained from the valuation methods listed above and the (average) value expressed by the market for agreements concluded - as for the case in question – which further strategic objectives.

Fairness Opinion: **in relation to the above, it is the conclusion of the author that the consideration agreed for the sale by Banca Intesa Spa to Credit Agricole SA of 193 bank branches, in the amount of €1,330 million, may be considered appropriate.**

5. *Fairness Opinion* on the price for the sale by the Credit Agricole group to Banca Intesa Spa of a shareholding in CAAM SGR Spa

The price to be evaluated refers to the sale of shares in CAAM SGR Spa[10]. Specifically:

[10] The sale relates to shares in CAAM SGR Spa after this company has sold off the activities attributable to CAAM Italia SGR Spa.

- 304,200 shares, corresponding to 65% of the existing share capital of €24,172,200[11];
- not subject to any dilution effect from convertible securities (bonds or warrants) or stock option plan;
- ordinary shares[12] having the rights detailed in Articles 5 of the company's Articles of Association;
- benefiting from regular dividends;
- free of restrictions, pledges or other clauses and/or auxiliary obligations.

The sale consideration for which the Fairness Opinion has been requested is for a total of €815.8 million ± the adjustments detailed below. The transaction has the following contractual characteristics (agreed by the Parties):

- method of payment: cash;
- basis of calculation: the price agreed on 24 October 2005 for the sale of 65% of the share capital of Nextra Investment Management SGR Spa to Credit Agricole SA (totalling €815.8 million), less the dividends received by Credit Agricole SA in the interim period, plus accrued interest for the same period (equivalent to the cost of equity for Banca Intesa Spa of 9%), less any contributions to capital and/or warranties paid by Banca Intesa Spa subsequent to the sale, in addition to the original price paid by Banca Intesa Spa to acquire CAAM Italia SGR Spa.

In formulating this opinion, the author employed the following steps:

a. review of the agreement stipulated between Banca Intesa Spa and Credit Agricole SA for the sale of shares representing 65% of the share capital of Nextra Investment Management SGR Spa;
b. review of the modifications made to the operational "perimeter" of Nextra Investment Management SGR Spa in 2006, following the merger with CAAM Italia SGR Spa;
c. review of the adjustments made to the original purchase price: dividends received, compensatory interest, contributions to capital, warranties and price paid for the acquisition of CAAM Italia SGR Spa.

Fairness Opinion: **in relation to the above, it is the conclusion of the author that the consideration agreed for the sale by Credit Agricole SA to Banca Intesa Spa of shares representing 65% of the share capital of CAAM SGR Spa, in the amount of €815.8 million ± the adjustments specified above, may be considered appropriate.**

Yours sincerely,

(Prof. Paolo Iovenitti)

[11] Article 11.1 of the Articles of Association incorporates laws relating to the constitution of a *quorum* required to pass resolutions in a General Meeting of Shareholders: as such, the outstanding minority share of 35% would not be capable of determining the outcome of a resolution and, consequently, for valuation purposes, requiring consideration of a premium or discount.

[12] Please refer to the note on "ordinary shares" in the section on Cariparma Spa.

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