REPORT ON THE ESTIMATE OF THE EXCHANGE RATIO
PREPARED FOR SANPAOLO IMI S.P.A.
BY CITIGROUP

[PAGE INTENTIONALLY LEFT BLANK]

TRANSLATION FROM THE ORIGINAL DOCUMENT ISSUED IN ITALIAN PREPARED EXCLUSIVELY FOR INFORMATIVE PURPOSES. THE ORIGINAL DOCUMENT IN ITALIAN PREVAILS OVER ANY TRANSLATION.

Report to the Board of Directors of Sanpaolo IMI S.p.A.

REPORT ON THE CALCULATION OF THE SHARE EXCHANGE RATIO FOR THE PURPOSES OF THE MERGER BETWEEN SANPAOLO IMI S.P.A. AND BANCA INTESA S.P.A.

Turin, 12 October 2006

[PAGE INTENTIONALLY LEFT BLANK]

Table of Contents

1 Introduction 2

1.1 Preface 2

1.2 Companies Involved in the Merger 2

1.3 Purpose of the Report 3

1.4 Summary Description of the Transaction 3

1.5 Intesa – Crédit Agricole Agreement 4

1.6 Reference Date for the Estimate 5

1.7 Activities Conducted By Citigroup and Documentation Used 5

1.8 Difficulties and Limitations 7

2 Evaluation Methodologies 8

2.1 Principles 8

2.2 Evaluation Methodologies Adopted 8

3 Description and Application of the Methodologies 10

3.1 Market Price Methodology 10

3.1.1 Description and application 10

3.2 Target Price Methodology 11

3.2.1 Description and application 11

3.3 Comparable Listed Companies Methodology 11

3.3.1 Description and application 11

3.4 Fundamental Analysis: Dividend Discount Model (“DDM”) 14

3.4.1 Description and application 14

3.5 Contribution Analysis Methodology 17

3.5.1 Description and application 17

3.6 Comparable Transactions Methodology 17

3.6.1 Description and application 17

4 Summary of Evaluations and Conclusion 19

1 Introduction

1.1 Preface

The Board of Directors (the “Board”) of Sanpaolo IMI S.p.A. (“SPIMI”) engaged Citigroup Global Markets Ltd ("Citigroup") on 20 June 2006 (through a letter signed on 26 July 2006) to perform certain tasks (the “Engagement”) in order to assist SPIMI in the evaluation of its strategic growth options. In the context of the Engagement, the Board has asked Citigroup to provide assistance to the Board in relation to SPIMI’s calculation of the share exchange ratio (the "Share Exchange Ratio") relating to the proposed merger transaction (the “Transaction”) between SPIMI and Banca Intesa S.p.A. (“Intesa”) (SPIMI and Intesa together are hereinafter referred to as the “Banks”), as well as to opine on the fairness of such Share Exchange Ratio to SPIMI.

In accordance with the instructions received, Citigroup estimated, from a financial point of view, the Share Exchange Ratio on the basis of the methodologies explained below and reached the conclusions presented in Section 4 of this report (the "Report").

The Report was prepared for the sole use of the Board to support its determination of the Share Exchange Ratio in the context of the Transaction. Any decision on how to use Citigroup’s Report is at the complete discretion of the Board. As a result, any decisions made in determining the Share Exchange Ratio remain the sole responsibility of the Board.

No one other than the members of the Board, is authorized to have access to the Report and its contents. In particular, the Report is not intended for the shareholders of SPIMI nor does it intend to provide them with any assistance or recommendations on the decisions to be made during the general meeting that will be called to decide upon the approval of the Transaction. The Board is fully responsible for any use of the Report. Notwithstanding the obligations of publication deriving from applicable law, the Report cannot be divulged, in whole or in part, to any third party or used for purposes other than those indicated in the Report itself, without prior written agreement and consent by Citigroup.

In preparing the Report, Citigroup has used publicly available information and data prepared by the management of each of the Banks. Citigroup has assumed the truth, accuracy, and completeness of all the information publicly available and all of the information that it received, both written and oral, without conducting any independent verification of the data. The Board acknowledges that the accuracy of the evaluations contained in the Report depends completely on the truth, accuracy and completeness of the information on which the Report is based.

As indicated above, Citigroup has acted as financial adviser to the Board in relation to the Transaction and will be remunerated specifically for these services rendered, in addition to receiving additional remuneration relating to the completion of the Transaction. The Board and SPIMI acknowledge that Citigroup and / or any companies affiliated with Citigroup may have rendered in the past and may render other services unrelated to the Engagement for SPIMI and Intesa, including lending activities, for which Citigroup has received or expects to receive remuneration. In the ordinary course of Citigroup’s business, Citigroup and its affiliates may actively trade or hold the securities of SPIMI and Intesa for its own account or for the account of its customers and, accordingly, may at any time hold a long or short position in such securities.

1.2 Companies Involved in the Merger

The companies involved in the Transaction are:

- Sanpaolo IMI S.p.A., entered in the Italian register of banks under no. 5084, with its registered office in Piazza San Carlo 156, Turin, Italy, and fully paid-up share capital of €5,399,586,247.68, composed of 1,590,672,318 ordinary shares and 284,184,018 preference shares with a nominal value of €2.88 each; and
- Banca Intesa S.p.A., entered in the Italian register of banks under no. 5361, with its registered office in Piazza Paolo Ferrari 10, Milan, Italy, and fully paid-up share capital of €3,613,001,195.96, composed of 6,015,588,662 ordinary shares and 932,490,561 savings shares with a nominal value of €0.52 each.

For the purpose of the analysis carried out for the Report, and in accordance with the instructions contained in the Agreement (as defined below) and in accordance with Article 6 of SPIMI's By-laws which provides for the automatic one for one conversion of preference shares into ordinary shares in case of disposal, it should be pointed out that the preference shares of SPIMI were considered by Citigroup as equivalent to ordinary shares.

As at the date hereof, SPIMI holds approximately 2,366,919 of its own shares (0.1487% of the ordinary share capital).

1.3 Purpose of the Report

The purpose of the Report is to provide the Board with useful information in relation to the Share Exchange Ratio for the purposes of the Transaction. The Report illustrates the estimates made by Citigroup regarding a range of exchange ratios considered fair, from a financial point of view, to SPIMI for the purposes of the proposed Transaction. No representation or evaluation is provided, nor indirectly suggested or implied, in relation to the fairness of the share exchange ratio to Intesa and its shareholders.

The considerations and estimates of value presented below relate to the relative values of the Banks, with an emphasis on the consistency and the comparability of the criteria adopted. The considerations and the estimates contained in the Report are to be used solely in relative terms and only with reference to the Transaction. The conclusions expressed in the Report are based on all of the information and evaluations contained herein, and no part of the Report may be used in any way separately from the Report as a whole. In addition, Citigroup does not assume any responsibility, direct or indirect, for damages which may derive from any unauthorized use of the Report or any of the information contained herein.

Nothing contained in the Report may be considered as a guarantee or an indication of the future performance of SPIMI, Intesa or any other company resulting from the Transaction, or of any company which is controlled by the Banks or in which the Banks have shares, or any forecasts as to how the shares of any of SPIMI, Intesa, or any other company resulting from the Transaction, might be traded on the market at any time, nor should anything contained in the Report be considered as representative of a stand-alone evaluation of the Banks.

1.4 Summary Description of the Transaction

On 26 August 2006 the Boards of SPIMI and Intesa approved and instructed their respective bodies to sign a binding framework agreement (the "**Agreement**") between the Banks. The Agreement, which was signed on 26 August 2006, outlines the essential points of a merger between the Banks:

- the merger by way of absorption of SPIMI into Intesa;

- the issue of new ordinary shares of Intesa in exchange for all of the ordinary and preference shares of SPIMI;
- the maintenance of the class of savings shares of Intesa;
- the adoption of a dual governance model, as described in the draft By-laws attached to the Merger Plan (as defined below);
- an indicative timeline that includes the approval of the Merger Plan by the end of October 2006 and the calling of an Extraordinary General Meeting to vote on the Transaction by the end of December 2006;
- a provisional exchange ratio of 3.115 newly issued ordinary shares of Intesa for every share (ordinary or preference) of SPIMI (the "**Provisional Share Exchange Ratio**");
- administrative, accounting and legal due diligence activities to be conducted after the signing of the Agreement and before the final deadline of 30 September 2006;
- the Provisional Share Exchange Ratio to be changed, other than by mutual agreement between the parties, only in the event that:
  1. significant differences in value were to emerge from the due diligence, or otherwise facts, actions, or circumstances were to have a material adverse effect on the position or the activities of the Banks; or
  2. extraordinary transactions were conducted that might dilute or modify the structure of the Banks' share capital.

For a full description of the Transaction, see the Merger Plan and the Directors' Report (as defined below) submitted for the approval of the Board. In accordance with the instructions of the management of Intesa and of SPIMI, Citigroup has assumed that the Transaction is being conducted according to the draft of the Merger Plan dated 9 October 2006 without any material changes to the terms and conditions or the main provisions contained therein. In addition, Citigroup has assumed that all of the necessary authorizations (including regulatory approval) shall be obtained without delay, limitations, restrictions or conditions that may have negative or harmful effects on SPIMI or Intesa or on the potential benefits of the Transaction. Citigroup has also assumed, on the basis of the information provided by SPIMI, Intesa and their respective advisors, that the Transaction has a neutral tax effect for the Banks.

1.5 Intesa – Crédit Agricole Agreement

On 11 October 2006, Intesa and Crédit Agricole ("**CA**"), an Intesa shareholder with a shareholding equal to 17.84% of the voting share capital of Intesa, entered into an agreement (the "**CA Agreement**") that provides for, among other things:

- the sale by Intesa to CA of 100% of the share capital of Cassa di Risparmio di Parma e Piacenza S.p.A. and 76.05% of the share capital of Banca Popolare Friuladria S.p.A. and the sale by Intesa to CA (and / or to one or more companies that will be indicated by CA) of a business division consisting of 193 branches;
- the amendment of the sale and purchase agreement, the shareholders' agreement and the distribution agreement relating to C.A.A.M. S.G.R. (formerly Nextra S.G.R.) executed on 24 October 2005 and 22 December 2005 between CA, C.A.A.M. S.G.R., Intesa and Intesa Holding Asset Management S.p.A.;
- an undertaking on the part of Intesa and CA jointly to evaluate the formation of a pan-European company for asset management;

- in the event that Intesa and CA do not come to an agreement in relation to the constitution of the aforementioned company by 31 January 2007, an undertaking to dissolve the current agreements relating to C.A.A.M. S.G.R. through the exercise of a call option (granted by CA in favour of Intesa and which can be exercised from the date of the sale of the branches, between 1 February and 31 March 2007, and 12 October 2007) or a put option (granted by Intesa in favour of CA and to be exercised within one month from the expiration of the call option) on assets and activities representing 65% of the interests of CA in C.A.A.M. S.G.R., to be identified subsequently according to the specific criteria indicated in the CA Agreement itself. In any event, the CA Agreement establishes that 65% of the aforementioned assets and activities that constitute the object of the call and put options must be composed exclusively of assets and activities that were previously part of the assets of Nextra S.G.R. on the date on which 65% of this company was sold by Intesa to CA.

For the purposes of the Report Citigroup does not express any opinion regarding the fairness of the terms of the CA Agreement from the point of view of the shareholders of SPIMI and Intesa and nothing in the Report can be considered as indicative of any opinion in such regard.

1.6 Reference Date for the Estimate

The reference date for the evaluations under analysis correspond to the date of the Report, on the basis of the assumption that, as represented by SPIMI and Intesa, in the period between the most recent financial statements available for each of the Banks (as discussed in Section 1.8 below) and the date of this Report, no events occurred that could significantly affect the asset, economic or financial profile of the Banks. The economic and accounting situation in the Report is presented as of 30 June 2006. Significant facts that arose subsequently, in the public domain and/or communicated to Citigroup by the Banks, were also taken into consideration, as described in Sections 1.5 and 1.8.

1.7 Activities Conducted By Citigroup and Documentation Used

In carrying out the Engagement and in preparing the Report Citigroup examined the drafts of the Merger Plan and the Directors' Report. Citigroup also had discussions and meetings with the management of SPIMI and the management of Intesa regarding the Transaction and the activities, business and prospects of their respective groups. Citigroup also had access to the drafts of the written reports produced by the respective accounting, tax, administrative and legal advisors of SPIMI and Intesa in relation to the results of their reviews. Citigroup also used publicly available data on the Banks and other information made available, including orally, by the management of SPIMI and of Intesa, including, among other items, information relating to the strategic impact and the potential benefits of the Transaction. Citigroup examined the financial terms of the Transaction, as described in the draft of the Merger Plan. Citigroup also examined further financial data, such as historical market prices and trading volumes for ordinary SPIMI shares and Intesa shares over the last three years, the principal historical financial data and forecasts, in addition to the capitalization and financial condition of SPIMI and Intesa.

On the basis of the information publicly available, Citigroup considered the financial terms of other transactions considered comparable for the purpose of an evaluation of the financial terms of the Transaction, in addition to analyzing other financial, market or other publicly available information relating to the activities of other companies which Citigroup considered relevant in evaluating the data from SPIMI and Intesa. Citigroup also considered several potential financial effects estimated for the Transaction on SPIMI and Intesa. Finally, Citigroup conducted further

analyses and evaluations and took account of other information and financial, economic, and market criteria available which were considered relevant in the context of the Transaction and for the purposes of the Report.

The documentation used includes:

- the certified consolidated annual reports approved by the competent corporate bodies, for the financial years 2004 and 2005 for SPIMI, Intesa and their principal subsidiaries;
- the consolidated half-year reports for 30 June 2006 for SPIMI and Intesa;
- the industrial plans presented to the financial community (the "**Industrial Plans**"), in particular:
  - for SPIMI, the Industrial Plan presented on 26 October 2005; and
  - for Intesa the Industrial Plan presented on 13 July 2005;
- price of the Banks' shares over different time spans;
- the publications of research analysts of numerous financial brokerage companies, both Italian and foreign, in relation to both SPIMI and Intesa, available as of the date of the Report;
- the publicly available financial data and the market evaluations of certain Italian and European banks available as of the date of the Report which, in the opinion of Citigroup, are to be considered relevant for the purposes of the analysis;
- the terms of certain recent mergers and acquisitions transactions, both in Italy and in the rest of the world, which according to the opinion of Citigroup, are comparable to the Transaction;
- prospects relating to the public offer for purchase (the "**BF Public Offer**") launched by Eurizon S.p.A. (100% controlled by SPIMI) on the shares not held by Banca Fideuram S.p.A.;
- the Agreement;
- the draft By-Laws prepared for the Board on 11 October 2006;
- the draft plan for the Transaction (the "**Merger Plan**") and the draft Report prepared for the Board (the "**Directors' Report**") of SPIMI on 11 October 2006;
- the inertial stand-alone financial projections prepared by the managements of SPIMI and Intesa in the context of the Transaction and relating to the period (the "**Updated Projections**");
- the results of the due diligence activities conducted by SPIMI on Intesa contained in the due diligence reports dated 9 October 2006 (the "**DD Reports**") prepared by the professional advisors indicated below who were engaged by SPIMI for this purpose:
  - PriceWaterhouse Coopers, in relation to the accounting, administrative and tax due diligence on SPIMI and Intesa; and
  - the law firm Benessia and Maccagno, in relation to the legal due diligence on SPIMI and Intesa;
- the results of the due diligence conducted by Intesa on SPIMI, as reported by Intesa's management; and
- the term sheet and drafts of documentation and of supporting information, including financial data, relating to the CA Agreement, as provided by Intesa's management.

In relation to the Industrial Plans and the Updated Projections, Citigroup has assumed that they were prepared on the basis of reasonable and correct principles and that they constitute the best estimates and analyses of the management of SPIMI and of Intesa in relation to the future prospects of the Banks on a stand-alone basis.

In addition, there were no requests for, and Citigroup did not conduct, any independent evaluations or estimates on the value of the assets and liabilities of the Banks.

The Report is necessarily based solely on general, financial, economic and market information available at the present time.

1.8 Difficulties and Limitations

Citigroup has relied on the documentation discussed in Section 1.7 in the form in which it was received as a true, accurate and complete reflection of any risk factors relating to the Banks, including those deriving from the rights of third parties, current or potential disputes, or controls by any authority and assumed that there are no facts or actions prior or subsequent to the last date of reference for the aforementioned accounting documentation, which may give rise to rights for third parties, disputes or other consequences which might have a negative effect on the financial situation of the Banks.

The evaluations and conclusions to which Citigroup has arrived are also interpreted in light of the following difficulties and limitations encountered during the course of its analyses:

- inertial perspective and the potential lack of consistency in the Updated Projections;
- limited comparability of the banks used as comparables companies;
- limited documentation in relation to the CA Agreement;
- several of the valuation methodologies, by their very nature, do not take into account certain events subsequent to the announcement of the Transaction;
- the lack of consistency and the difference in time between the Target Prices (as defined below); and
- the limited comparability of the Transaction to other similar transactions.

2 Evaluation Methodologies

2.1 Principles

The evaluations presented in the Report provide a comparative estimate of the economic capital of SPIMI and Intesa, in accordance with the following principles:

1. **relative, non-absolute estimates of value:** according to a principle established by evaluation practice, the relative homogeneity and comparability of the evaluation criteria are prioritised. For this reason, the evaluations presented assume significance only in their relative profile and cannot be compared with market prices or sale prices, nor can they be considered as representative of an absolute evaluation unto itself of any of the companies under analysis.
2. **the stand-alone perspective:** applying another principle of evaluation practice for merger transactions, Citigroup has adopted the methodologies discussed below on the assumption that the operations of each of the Banks are autonomous (that is, ignoring the impact of any synergies and extraordinary costs arising from the Transaction).
3. **the significance of market prices:** in general, the SPIMI and Intesa shares are characterized by a large free float, high liquidity and extensive research coverage.
4. **merger of equals:** the Transaction was conceived and structured by SPIMI and Intesa as a merger of equals and thus no control premium was applied. This principle is confirmed in the terms of the Agreement, in the documentation of the Merger Plan and in other elements such as, for example, in the relative weight of the shareholders of each of the two Banks in the voting capital of the group resulting from the Transaction.

In relation to the procedure for the administrative, accounting and tax due diligence conducted by the Banks in accordance with the Agreement and concluded on 30 September 2006, it should be noted that the parties have verified that the results do not require adjustments to the Provisional Share Exchange Ratio, in accordance with the Agreement.

2.2 Evaluation Methodologies Adopted

In accordance with the objectives of the Report and in line with well established international evaluation practice for the banking sector, in determining the comparative estimates of the economic capital of the Banks, Citigroup used numerous evaluation methodologies, both market-based and analytical, in accordance with the principles discussed in Section 2.1.

On the basis of these considerations and taking into account the characteristics of the Banks themselves, their activities and the basic markets in which they operate, Citigroup chose to use the following evaluation methods in the preparation of the Report:

- the Market Price Method;
- the Target Price Method;
- the Comparable Listed Companies Method;
- the Dividend Discount Model or DDM;
- the Contribution Analysis Method; and

- the M&A Comparable Transactions Method.

In the application of the aforementioned methods, Citigroup has considered the characteristics and the inherent limitations of each of them, on the basis of professional evaluation practices generally followed in the banking sector. In particular it should be noted that only the DDM and the Comparable Listed Companies Method reflect any impact on the valuation of events after the date of the announcement of the Transaction.

The Board was duly informed by Citigroup and is thus aware that the methodologies used by Citigroup for the preparation of the Report are the ones indicated above and that they represent the methodologies commonly used in the market in the context of transactions having similar characteristics to the Transaction.

3 Description and Application of the Methodologies

3.1 Market Price Methodology

3.1.1 DESCRIPTION AND APPLICATION

The Market Price Method consists of valuing a company in line with the value given to such company by the stock market on which the shares of the company are traded.

According to this method, the prices of the shares of significant listed companies represent the most reliable indicator of the value of a company, because this value incorporates all the publicly available information relating to the company itself, since the price expressed on the market is the result of a systematic process of arbitrage by market operators that reflects their opinion of the profitability, asset value, risk and forecasted growth of the company under evaluation.

In this context, the trends in the price of a company's shares are considered significant when:

- ► the markets in which the shares are traded are characterized by a high level of efficiency;
- ► the liquidity of the shares is high; and
- ► the evaluation time frame is such that it neutralizes events of an exceptional nature that may have caused fluctuations in the short term and / or speculative tensions.

In respect of SPIMI and Intesa, in general their ordinary shares have characteristics in common that make their trends (and thus the resulting exchange ratios) significant, for the reasons explained below:

1. **efficient markets:** both shares are listed on the Italian Stock Market, the sixth largest European market in terms of market capitalization and the fourth largest in terms of volumes traded;
2. **large free float:** on 23 August 2006 (the last trading day prior to the announcement of the meeting of the Board and of Intesa in relation to the Transaction), the free float for SPIMI and Intesa had a market value of approximately €16 billion and €15 billion, representing an ordinary share capital (including preference share capital for SPIMI) of approximately 58.2% and 52.4%;
3. **high liquidity:** SPIMI and Intesa shares recorded a daily exchange value higher than €100 million over the course of the 12 months prior to 23 August 2006, thus they were the 7th and 9th most liquid shares on the MIB30 respectively; and
4. **extensive research coverage:** there are approximately 30 financial brokerage companies, for the most part international, that regularly publish analyses on the two companies.

Over the course of the three years prior to 23 August 2006 the market trends of the SPIMI and Intesa shares were quite similar: the differential did not exceed 5.3% (in favour of SPIMI), over a time span of one year and 0.4% (in favour of SPIMI) over the course of three years.

For the purposes of the present analysis, the prices of the two shares after 23 August 2006 were not taken into consideration. It was assumed that such share prices since 23 August 2006 are (i) no longer representative of the stand-alone values of the Banks and (ii) potentially influenced by speculative pressures.

Consequently, in proceeding with the analysis of the market performances, both simple arithmetic averages of the closing prices of the SPIMI and Intesa shares and observations related to the minimum and maximum values in predetermined time periods have been used.

The share exchange ratio range chosen according to the Market Prices Method was selected on the basis of the following considerations:

- the respective performances of the Banks' shares were substantially in line over the course of time: the share exchange ratio thus maintained a high degree of stability in the period;
- the recent performances of the shares were given greater weight as they were considered more representative of the current asset, profit and profit situation of the Banks and the updated information on the Banks' strategic activities (for example, data from the first quarter of 2006; updates on the Eurizon transaction; BF Public Offer); and
- the minimum-maximum range at one month includes almost all the average values over 3, 6, 12, 24, 36 months.

3.2 Target Price Methodology

3.2.1 DESCRIPTION AND APPLICATION

In general, the financial intermediaries that publish research documents on listed companies summarize their recommendations concerning the shares of those listed companies by defining a "target price" of the share in question. Such target price gives a quantitative indication of the financial value of the company and therefore what is believed to be its potential for appreciation on the market in the medium term (which by general practice is calculated as the difference between the target price and the current market value).

The application of this method therefore translates into an analysis and comparison of the relationship between the target prices indicated for SPIMI and Intesa by intermediaries who publish research on both Banks (the "Financial Intermediaries").

Selected target prices supplied by Reuters were used for the purposes of this analysis. It is understood that, where possible, target prices that include the impact of the Transaction were excluded from the analysis.

3.3 Comparable Listed Companies Methodology

3.3.1 DESCRIPTION AND APPLICATION

The Comparable Listed Companies Methods comprises the Market Multiples Method, the Value Map Method and the Sum of the Parts Method. According to such methods, which have been established by international evaluation practice, the value of a company is ascertained by using market evaluation parameters in relation to other listed companies considered comparable to the company being evaluated. For the purposes of this Report, the following methods were used:

1. Market Multiples Methodology

The Market Multiples Method is based on analysis of the market quotations of a sample of companies comparable to the one being evaluated. This method is based on the general assumption that in an efficient market and in the absence of speculative movements, the market price of the shares of a company reflect the market's expectations about the growth rate of future earnings and the degree of risk associated with that company.

The application of the Market Multiples Method is divided into the following phases:

A. selection of the reference sample;

B. determination of the time frame to be used as a reference;

C. identification of the fundamental ratios (the "multiples") believed to be significant for each company to be evaluated;

D. determination of the significant parameters of the companies represented in the sample and computation of multiples; and

E. identification of the range of multiples and its application to the company being evaluated, determining a range of values for that company.

The degree of reliability of this evaluation method depends upon an appropriate adaptation of the method to the specific evaluation concerned. The most important aspects of the analysis for the purposes of the Report are illustrated below.

A. Selection of the reference sample

Given the nature of this method, the critical factor is the comparability, from an operational and financial point of view, between the companies included in the reference sample and those being evaluated. Indeed, the significance of the results is dependent upon such comparability. However, the practical impossibility of identifying homogeneous companies under each profile means it is necessary to determine the elements deemed most significant in identifying the reference sample and consequently to select those companies that are comparable in relation to the predetermined criteria.

The shares of the selected companies must also show a high degree of liquidity and must not be influenced by particular contingencies.

For the purposes of this analysis, two samples were selected:

(i) an Italian sample, comprising the major Italian banks having a national or multi-regional presence, whose prices present characteristics that were considered highly significant; and

(ii) a European sample, comprising the principal European banks with characteristics considered comparable to those of SPIMI and Intesa.

B. Determination of the reference time frame

For the purposes of computing the value of the companies contained in the sample, the closing price available as of 6 October 2006, was used.

C. Identification of the fundamental ratios considered significant

For each of the companies indicated above, a series of relationships, or multiples, considered significant for the analysis according to this criterion was calculated. The choice of these multiples was made on the basis of the characteristics inherent in the banking sector and the general market practices according to which particular importance is attributed to the following relationships:

- relationship between Price and Expected Future Earnings ("P/E"); and
- relationship between Price and Adjusted Net Assets ("P/NAV");

The NAV was computed by adjusting the estimated net assets as of 30 December 2006 of the companies considered in order to take account of a series of adjustments of which the most important is the deduction of intangible assets.

D. Determination of the level of expected earnings of the companies represented in the sample

With reference to the data on future earnings for 2006, 2007 and 2008 used in this analysis in relation to the companies considered, the estimates supplied by Thomson Financial that expressed the consensus of the financial analysts were used (the **"Consensus"**).

The Updated Projections were used in relation to SPIMI and Intesa, once their consistency with the Consensus had also been ascertained.

E. Determination of the range of application of the ratios calculated

The relevance of the fundamental ratios calculated and the choice of the range to be applied to the companies concerned in the Report are decided on the basis of qualitative considerations about the significance of the multiples obtained and the income and capital characteristics of the company being evaluated.

2.Value Map Methodology

The Value Map Method estimates the value of the financial capital of a company on the basis of the correlation between prospective profitability of the company's own capital and the premium, or discount, in relation to its adjusted net assets given by the market prices. This correlation may be represented by means of a statistical regression of data regarding profitability (expressed by the expected Return on Average Equity or "**ROE**") and the relationship between market capitalization and adjusted net assets for a significant sample of comparable companies.

Once they have been calculated, the parameters of this ratio, if considered statistically significant, can be applied to the forecasted ROE and to the adjusted net assets of the company being studied in order to derive from them the theoretical value at which it would be valued by the market, on the basis of the correlation found.

The application of the Value Map Method is divided into the following phases:

1. selection of the reference sample;
2. determination of the anticipated ROE and the current P/NAV ratio for the companies in the sample in the time frame being considered; and
3. calculation of the linear regression between ROE and P/NAV; if statistically significant, application of the regression parameters in order to determine the theoretical economic value attributable to the company being analyzed.

Similarly to the Market Multiples Method, in order to reflect the characteristics of SPIMI and Intesa, a sample was used that was composed of both Italian and European listed banks. Specifically, in order to increase the statistical significance of the regression, the sample used is a combination of the Italian and European samples used for the application of the Market Multiples Method.

The economic value of the Banks was determined taking into account the linear regression calculated according to the following equation:

$$P/NAV = i + c*ROE$$

Where:

P/NAV = multiple to be applied to the NAV of the company being evaluated in order to

determine the value of the financial capital

i = represents the intercept of the regression line which interpolates the data being observed

c = represents the angular coefficient of the regression line

ROE = represents the ROE of the company being evaluated

The relationship obtained is more statistically significant the more the R^2 index (coefficient of correlation), which measures the dispersion of the observations about the line, approaches 100%.

3. Sum of the Parts Methodology

On the basis of this method, the value of a company is defined as the sum of the values attributed separately to the principal areas of business in which it operates, where such value is derived with reference to market multiples estimated in relation to each area of business. This method identifies the relevant activities (the **"Parts"**) and selects the most appropriate methods for the valuation of each Part.

The economic value of the company is therefore equal to the sum of the valuations of the individual Parts.

The future earnings of SPIMI and Intesa for their various areas of activity, as well as the projected allocation of capital among the various business areas, are those contained in the Updated Projections.

The market multiples applied to Eurizon Financial Group S.p.A. ("**Eurizon**") were calculated by taking as reference values the median values of samples of listed companies operating in the sectors where Eurizon is present (i.e. insurance, asset management and financial promotion). Therefore the median value of the multiple expressed by the sample of listed companies operating in that particular activity was used for each sector according to its relative weight in Eurizon.

The market multiples applied to the Eastern European activities of Intesa were composed of the median values of a sample of listed banks active exclusively or mostly in Eastern European countries.

The market multiples applied to the remaining activities were composed of the median values of a sample of listed banks active mostly in Italy.

3.4 Fundamental Analysis: Dividend Discount Model ("DDM")

3.4.1 DESCRIPTION AND APPLICATION

The method of discounted dividend flows (the Dividend Discount Model or **"DDM"**) is based on the principle that the economic value of a company is equal to the sum of:

1. the net present value of cash flows available in the future for shareholders, equal to the flow of dividends potentially distributable, in a time frame that can be analytically determined and consistent with a level of capitalization considered adequate; and
2. the net present value of the terminal value ("**TV**") or the economic value of the company after the analytically derived time frame (assuming the perpetual, constant growth of

dividend flows)

Therefore this method does not take into consideration policies of profit distribution actually planned or adopted by the companies under evaluation.

The economic value of a company according to the DDM method is estimated by applying the following formula:

$$EV = \sum_{t=1}^{t=n} \frac{Div_t}{(1+k_e)^t} + \frac{TV}{(1+k_e)^n}$$

with

$$TV = \frac{Div_n \times (1+g)}{(k_e - g)}$$

Where:

EV = economic value of the company;

TV = terminal value, equal to the value of the company in the year following the last year that dividend flow was analytically projected;

Div_t = dividend flow potentially distributable in year t of the period of analytical projection;

Div_n = dividend flow potentially distributable at the end of the period of analytical projection (year n);

n = number of years of analytical forecasting of dividend flows;

k_e = discount rate, equal to the cost of equity of the company;

g = growth rate of dividend flows after the period of analytical forecasting.

In the application of the DDM, the following phases can be identified:

A. Analytical forecasting of dividend flows potentially distributable over an identifiable time frame;
B. Determination of the discount rate k_e and the growth rate g;
C. Calculation of the net present value of dividend flows in the analytical forecasting period and calculation of Terminal Value; and
D. Development of alternative scenarios, such as a stress test of the evaluation model (sensitivity analysis).

A. Analytical projection of dividend flows potentially distributable over a pre-defined time frame

For the purposes of this evaluation, the time frame for the analytical determination of dividend flows was 2006–2015, beyond which the value of the Banks was calculated synthetically using the Terminal Value.

The analytical estimate of income and balance sheet projections for the 2006–2009 period is based on the Updated Projections (which are consistent with the Consensus estimates provided by brokers selected on the basis of the publication date of the latest research and the comparability of the data presented). For the 2010–2015 period, on the other hand, hypotheses of inertial growth were developed, in conformity with the financial and

operational profile of the Banks and with the market's expectations of growth.

The estimate of dividend flows potentially distributable in the 2006–2015 period was made on the assumption that the Banks would maintain a level of capitalization considered (i) adequate to support their future development and (ii) consistent with the medium-term objectives contained in the respective Industrial Plans, identified in a core capital ratio on weighted assets equal to 7% (core Tier I ratio).

B. Determination of discount rate k_e and growth rate g

The discount rate of dividend flows corresponds to the required yield that rational investors would expect of alternative investments having a comparable risk profile. It therefore represents the yield expected of the Bank's own risk capital (cost of equity).

In accordance with evaluation practice, this rate was calculated using the Capital Asset Pricing Model ("CAPM"). According to the CAPM, the cost of capital is determined by the following formula:

$$K_e = r_f + \beta x (r_m - r_f)$$

Where:

rf = rate of return on a risk-free investment. Taking into account the reference time frame, the benchmark return of Italian government 10-year bonds was taken as a risk-free rate;

(rm –rf) = the premium that a rational investor would expect of an investment on the stock market with regard to the risk premium return rate. This risk premium was estimated, on the basis of the long-term historical series, as 5.0%;

β = coefficient of correlation between the actual yield of the share of the company being analysed and the total market yield of reference (beta or β). The beta measures the volatility of a share with respect to a representative market portfolio.

C. Calculation of the present value of dividend flows in the analytical forecasting period and calculation of Terminal Value

The analytically determined dividend flows in the 2006–2015 period were updated using as a discount rate the cost of the capital of the Banks.

The Terminal Value was calculated by applying to the dividend flow potentially distributable at the end of the analytical forecasting period the formula of perpetual income growing according to growth factor g.

D. Sensitivity Analysis

The exchange ratio determined by applying the DDM was stress-tested with numerous sensitivity analyses in order to evaluate the impact on it of, among other things: variations in assumptions relating to the cost of capital ke and growth rate g; variations of development scenarios; and hypotheses of homogenization of levels of asset risk.

This method provides an estimate of the dividend flow after the analytically determined time frame. It should be noted that such exercise, which is necessary in order to determine the Terminal Value, encompasses a certain degree of subjectivity.

3.5 Contribution Analysis Methodology

3.5.1 DESCRIPTION AND APPLICATION

The Contribution Analysis Method consists of determining, by means of comparison between business metrics, the relative weight of the merging banks with respect to the overall value resulting from the merger. This method does not determine absolute values but ratios representing the contribution of each bank to the unified combination resulting from the merger. This methodology is to be considered solely as a means of checking the relative proportions of the banks.

The accuracy of the Contribution Analysis Method depends on the identification of meaningful metrics with respect to the banking organizations involved in the merger. The criteria for such metrics are principally related to strategically important profiles, both in terms of size and the prospect of producing income flows.

In relation to the Banks, the following values were selected as of 30 June 2006:

- Intermediation margin;
- direct deposits;
- credits to clients;
- core tier 1;
- total activities;
- weighted assets; and
- net asset value.

In terms of application, for each of the values selected the percentage contribution of each of the Banks was defined. Furthermore, the relative weight of Intesa was standardized to take into account the proportion relating to ordinary shares.

3.6 Comparable Transactions Methodology

3.6.1 DESCRIPTION AND APPLICATION

The Comparable Transactions Method is based on the analysis of share exchange ratios from a sample of mergers and acquisitions considered comparable to the Transaction.

As discussed, the nature of the Transaction is that of a merger of equals, between companies with a high market capitalization. In order to define the reference sample, more than 80 merger transactions similar to SPIMI and Intesa in all sectors in Europe and in the United States over the last 10 years were analyzed. Those considered comparable to the Transaction on the basis of the following criteria were selected:

- size of the combined entity being more than $10 billion on the basis of market value at the time of announcement;
- dimensions of the counterparties of approximately 60%/40% or closer, on the basis of market value at the time of announcement[1];
- non-hostile transactions;
- transactions taking place as mergers, 100 % share deals;
- exclusion of cases in which one of the parties was in operational or financial difficulties; and
- shared governance by the merged companies.

[1] The criterion of relative dimensions was relaxed to include Santander BCH and BBV Argentaria, which are the only transactions in the banking sector in Europe that fulfil all of the other criteria.

4 Summary of Evaluations and Conclusion

In light of the considerations and the limitations set forth in this Report and on the basis of the analyses carried out according to the methods described in Section 3 of the Report, we have reached the following conclusions regarding the share exchange ratio, expressed in terms of newly issued ordinary Intesa shares for each ordinary and preference share of SPIMI.

Summary of Results

	SPIMI		Intesa			
	Economic capital (1)		**Economic capital (2)**		**Share exchange ratio**	
(€ millions, except share exchange ratio)	**Minimum**	**Maximum**	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Market Price Method	26,267	27,054	27,431	27,491	3.072	3.158
Target Price Method	23,061	33,560	27,672	32,484	2.674	3.3.15
Comparable Listed Companies' Methods	25,351	35,602	30,375	36,892	2.678	3.096
DDM	26,920	31,276	31,385	32,649	2,752	3.074
Contribution Analysis Method	-	-	-	-	2.802	3.102
Comparable Transactions Method	25,146	29,111	27,411	27,411	2.944	3.408

(1) Includes ordinary and preference shares
(2) Includes only ordinary shares

Consequently, on the basis of the results shown above, we have identified the following range of share exchange ratios:

► 3.072–3.158 newly issued ordinary Intesa shares for every ordinary or preference share of SPIMI.

Within the framework and the limitations set forth above, on the basis of our experience we consider the following share exchange ratio fair, from a financial perspective, to the shareholders of SPIMI, as of the date hereof:

► 3.115 newly issued ordinary Intesa shares for every ordinary or preference share of SPIMI.

Turin, 12 October 2006

CITIGROUP GLOBAL MARKETS LTD

[PAGE INTENTIONALLY LEFT BLANK]