

FITCH RATINGS ALZA IL RATING INDIVIDUALE DI BNL A 'C' DA 'C/D' E PONE SOTTO OSSERVAZIONE CON IMPLICAZIONI POSITIVE I RATING DI BNL

Roma, 6 febbraio 2006. La Banca Nazionale del Lavoro informa che la società di rating internazionale Fitch Ratings ha alzato il rating individuale di BNL a 'C' da 'C/D'. Allo stesso tempo l'agenzia ha posto sotto osservazione, con implicazioni positive, i rating di BNL a lungo termine 'BBB+', quello a breve termine 'F2' ed il rating di supporto '2'.

In allegato la nota di Fitch Ratings

FITCH RATINGS HAS UPGRADED BNL'S INDIVIDUAL RATING TO 'C' FROM 'C/D' AND PLACED ON RATINGWATCH POSITIVE BNL'S RATINGS

Rome, 6 February 2006. Banca Nazionale del Lavoro informs that the international rating agency Fitch Ratings has upgraded BNL's individual rating to 'C' from 'C/D'. At the same time the agency has placed on RatingWatch Positive BNL's long-term rating 'BBB+', short-term rating 'F2' and Support '2'.

Fitch Ratings' note attached.

Please note that the original Press Release is in Italian. In case of doubt the Italian version prevails.

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FitchRatings

Fitch Affirms BNP Paribas at 'AA'; Places Banca Nazionale del Lavoro on Rating Watch Positive [Ratings](#)

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Fitch Ratings-London/Paris-03 February 2006: Fitch Ratings has affirmed the ratings of BNP Paribas (BNPP) at 'AA' Long-term, 'F1+' Short-term, 'A/B' Individual, '1' Support. The Outlook for the Long-term rating remains Stable. The agency has upgraded Banca Nazionale del Lavoro's (BNL) Individual rating to 'C' from 'C/D'. At the same time, the agency has placed on RatingWatch Positive BNL's ratings of Long-term 'BBB+', Short-term 'F2' and Support '2'.

Today's rating action follows the announcement of the planned acquisition by BNPP of a controlling stake of c.48% in BNL from Unipol and associated parties. The acquisition is subject to approval by the boards of BNPP and Unipol and by the Banca d'Italia. If the deal is approved, BNL's Long- and Short-term ratings and its Support rating would reflect what Fitch considers to be an extremely high probability of support, should it ever be required, from its new controlling shareholder. As a result, BNL's ratings would be upgraded to Long-term 'A', Short-term 'F1' and Support '1'. The Long-term rating would remain at 'A' Rating Watch Positive to reflect Fitch's expectation that BNPP, following the launch of an obligatory takeover bid for the remaining shares, will gain in excess of 75% of BNL's shares. Once this threshold is exceeded, Fitch would automatically raise BNL's Long-term rating to 'A+'. As further integration occurs and additional operational benefits accrue to BNL from its acquisition by BNPP, it is possible that Fitch may raise its Long-term rating further.

The upgrade of BNL's Individual rating reflects improvements that have already occurred in the bank, including a reduction in credit risk, its exit from Argentina, better profitability and more robust capital adequacy. Fitch considers that BNL has substantially resolved the major problems that have dogged it for years. On completion of the deal, Fitch would expect BNPP to introduce changes in BNL with a view to boosting revenues, through cost reduction and enhanced risk management procedures. It is possible that operational improvements stemming from BNPP's ownership of BNL will influence favourably BNL's Individual rating in due course.

Fitch considers that BNL would represent a sound acquisition for BNPP. The proposed acquisition is in line with the French bank's strategy of developing and diversifying recurring retail banking revenue, which is the focus of its plan to end-2007. BNPP believes that BNL represents an important first step in building a strong franchise in a second 'home' European market. The bank already has considerable experience in the Italian specialised financial services. BNPP values, in particular, BNL's corporate franchise which it feels is a sound fit with its own activities, while also seeing opportunities for expansion in BNL's retail franchise, noting especially that mortgage loans, consumer lending and life assurance represent a smaller proportion of GDP in Italy than in other major European markets. Fitch notes that BNL's retail franchise is weaker than many competitor banks in Italy, being spread throughout the peninsula, which may make it hard to achieve competitive advantages based on local market shares. BNL, nevertheless, would provide BNPP with a strong branch network on which to build.

To finance the deal - which has still to be formally approved by the Italian bank regulator, Banca d'Italia and the Italian stock market regulator, Consob - BNPP plans to issue core and hybrid capital. While the bank's Tier 1 ratio would drop from its 7.9% level reported at end-September 2005 - based on it acquiring 100% of BNL - BNPP aims to maintain a Tier 1 ratio of at least 7%. Fitch regards this level as low in the range for its rating and would expect to see the bank strengthen its ratio by retaining earnings or other capital management tools.

In the first nine months of 2005, BNL reported EUR411 million of net income, EUR4,897 million of equity and a Tier 1 ratio of 6.7%. It was the sixth largest bank in Italy by loans at end-2004 and has c.800 branches.

In the first nine months of 2005, BNPP reported EUR4,820 million of net income and over EUR36 billion of equity. It is the second largest French bank and the fifth largest in Europe by equity. Its market share in France is around 8% of deposits.

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