



BNL: IRAQ DEBT RESTRUCTURING

Rome, 23rd January 2006. Banca Nazionale del Lavoro informs that it has finalized an agreement with the Republic of Iraq for the restructuring of the Iraqi debt. The agreement is based on the proposal prepared by the Iraqi Government for the restructuring of individual creditors' debt, along similar terms to those defined in November 2004 for the restructuring agreed with government entities.

On the basis of the agreement reached, BNL Group receives in replacement of its credits towards Iraq's banking and public entities (shown in the accounts at 30th June 2005 for a value of euro 256 million net of write-downs and provisions), newly issued Iraqi government bonds for a nominal value of approximately US\$ 683 million, bearing an annual fixed interest rate of 5.80%, payable semi-annually effective from 1st January 2006 and with the first coupon payment on 15th July 2006. The bonds, issued in accordance with US law, negotiable but not listed, shall be repaid in 16 semi-annual instalments starting from 15th July 2020 with a final maturity on 15th January 2028.

The bonds shall be accounted in the "available for sale" portfolio and thus valued at "fair value". At present, on the basis of the valuation parameters available and in particular of the political and economic situation of the country and the applicable market variables, the initial accounting value of the bonds shall be in line with the book value of the credits replaced.

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

