

FITCH RATINGS ALZA IL RATING A LUNGO TERMINE DI BNL A 'A-' DA 'BBB+'

Roma, 29 marzo 2006. La Banca Nazionale del Lavoro informa che la società di rating internazionale Fitch Ratings ha alzato il rating a lungo termine di BNL a 'A-' da 'BBB+'. Allo stesso tempo l'agenzia ha mantenuto sotto osservazione, con implicazioni positive, i rating di BNL a lungo termine 'A-', quello a breve termine 'F2' ed il rating di supporto '2'. Il rating individuale è riaffermato a 'C'

In allegato la nota di Fitch Ratings

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Fitch Upgrades Banca Nazionale del Lavoro; Ratings Remain on Rating Watch Positive

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Fitch Ratings-London/Milan-28 March 2006: Fitch Ratings has today upgraded Italy-based Banca Nazionale del Lavoro's ("BNL") Long-term Issuer Default Rating ("IDR") to 'A-' (A minus) from 'BBB+'. At the same time, the agency has maintained its Rating Watch Positive on BNL's IDR, Short-term and Support ratings of 'A-' (A minus), 'F2' and '2' respectively. The bank's Individual rating is affirmed at 'C'.

The upgrade reflects BNL's reduced risks, increased profitability and stronger capital position achieved during 2005 and in the first quarter 2006. This trend of positive events is confirmed by the results published Friday 24 March 2006 by the bank for full year 2005. For 2005, BNL reported an acceptable level of operating profit, a notable improvement on the operating loss in 2004.

The better performance reflected a sharp reduction in its loan impairment charge following the substantial increase in loan loss reserves in 2004, healthier operating revenues and smaller operating costs. Despite these improvements, the bank's cost efficiency remains weaker than peers' and its stock of impaired loans remains large.

Over the past two years, BNL has improved its financial profile and diminished its risks by implementing a clear strategy and redirecting its lending towards the retail sector and medium-sized enterprises away from large corporates. Asset quality and capital ratios have also improved sharply, even though they remain weaker than those of higher-rated peers. In 2005, BNL sold around EUR1.4 billion of its gross doubtful and watch-list loans without recourse, reducing by 23% its stock to EUR4.4bn (EUR1.8bn net). Gross doubtful loans of EUR3.1bn were 68% covered by loan loss reserves, yielding net doubtful loans of EUR1bn or around 1.6% of total customer loans. BNL's capital ratios have improved, thanks to the EUR1.1bn of fresh capital the bank raised in December 2004 to absorb the adverse impact of the first-time application of International Financial Reporting Standards on its loan book.

At end-2005, BNL had gross exposure of EUR2.3bn (net EUR256 million) country risk to Iraq inherited from 1989. As part of the Iraqi government's restructuring of its debt, in Jan 2006 BNL received newly issued Iraqi government bonds for a nominal value of USD683m. In March 2006, BNL sold USD370m of these bonds with a capital gain of EUR81m. The balance is more liquid and to a single sovereign counterparty, which is an improvement on the earlier position, and will receive interest. In January 2006, BNL

signed an agreement to sell its Argentinian activities, which should bring the bank a capital gain of USD155m.

Fitch is maintaining BNL's IDR, Short-term and Support ratings on Rating Watch Positive reflecting the pending acquisition by BNP Paribas ("BNPP") of a controlling stake of approximately 48% in the bank. On completion of the deal, BNL's IDR, Short-term and Support ratings 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 IDR 'A', Short-term 'F1' and Support '1'.

The IDR would remain on 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 upgrade BNL's IDR to 'A+'. As further integration occurs and additional operational benefits accrue to BNL from its acquisition by BNPP, it is possible that Fitch may upgrade the IDR further.

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