



Presentation of 1Q2006 Group Results

May 2006

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**1Q2006 RESULTS CONFIRM POSITIVE
PROFITABILITY TREND ALREADY SEEN IN 2005**

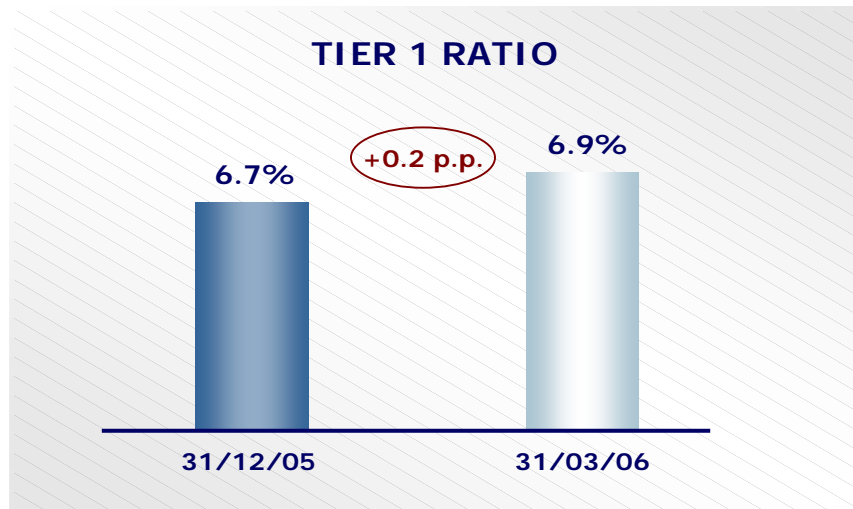
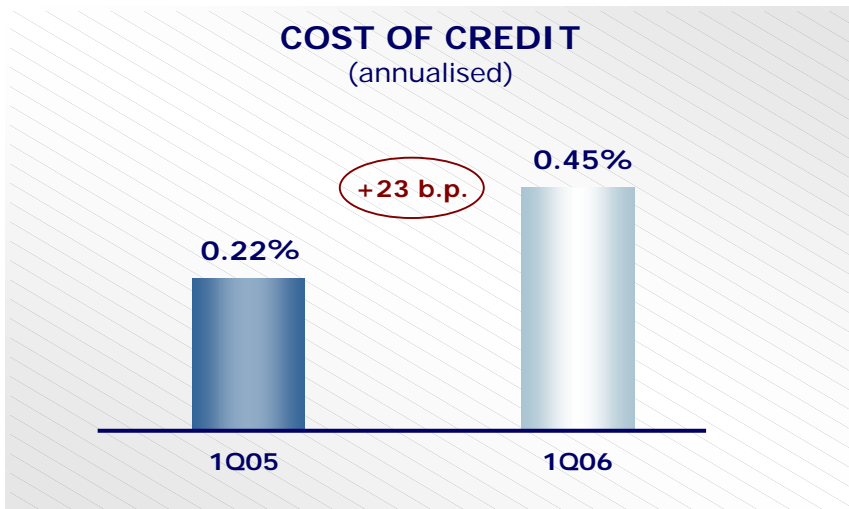
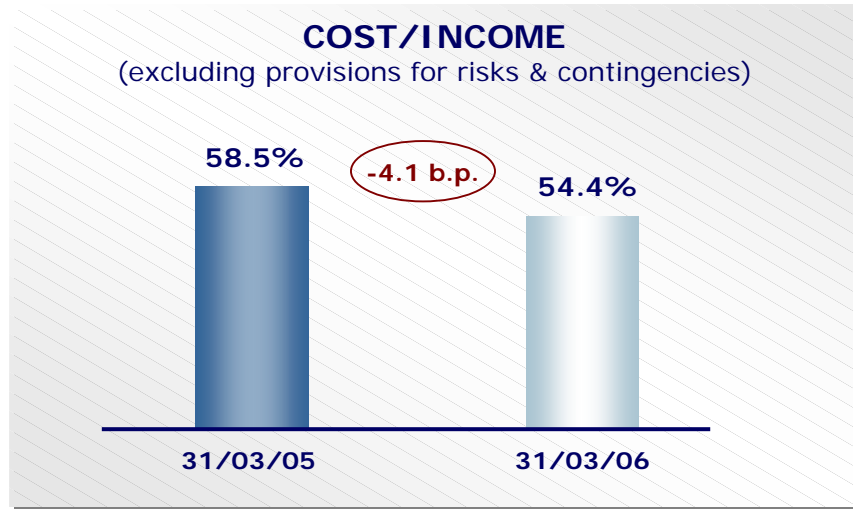
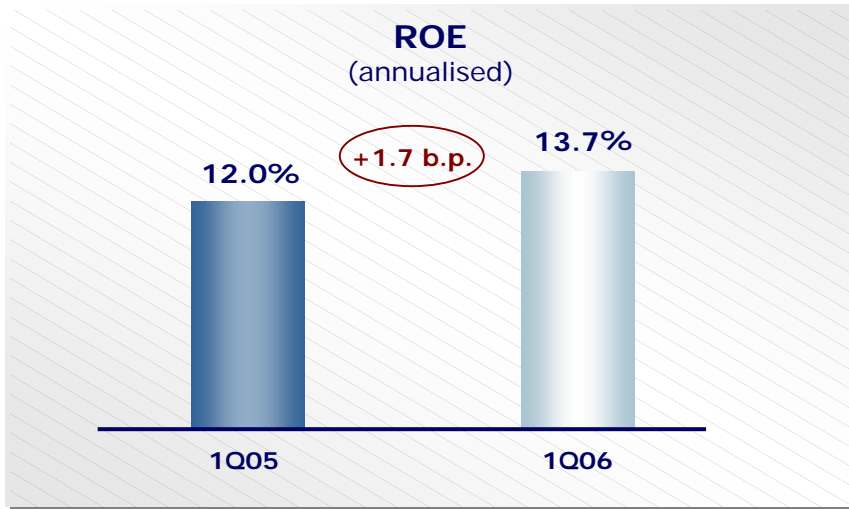
DRIVEN BY



**STRENGTHENING AND DIVERSIFICATION OF
REVENUE SOURCES**

REDUCTION OF OVERALL RISK PROFILE

Executive Summary: Main Indicators



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1Q2006 Results: Balance Sheet Highlights

Balance sheet stability in the quarter with an improvement in funding quality and a significant growth of net worth

	(Euro million)	31/03/06	31/12/05	% change on 31/12/2005
TOTAL ASSETS		88,900	89,090	-0.2%
Loans to Customers		63,761	64,288	-0.8%
Loans to Banks		9,066	8,131	11.5%
Financial Assets		8,709	8,839	-1.5%
TOTAL LIABILITIES		88,900	89,090	-0.2%
Deposits from Customers & Securities issued		65,689	63,228	3.9%
Deposits from Banks		11,649	13,808	-15.6%
Net Worth		5,352	5,029	6.4%

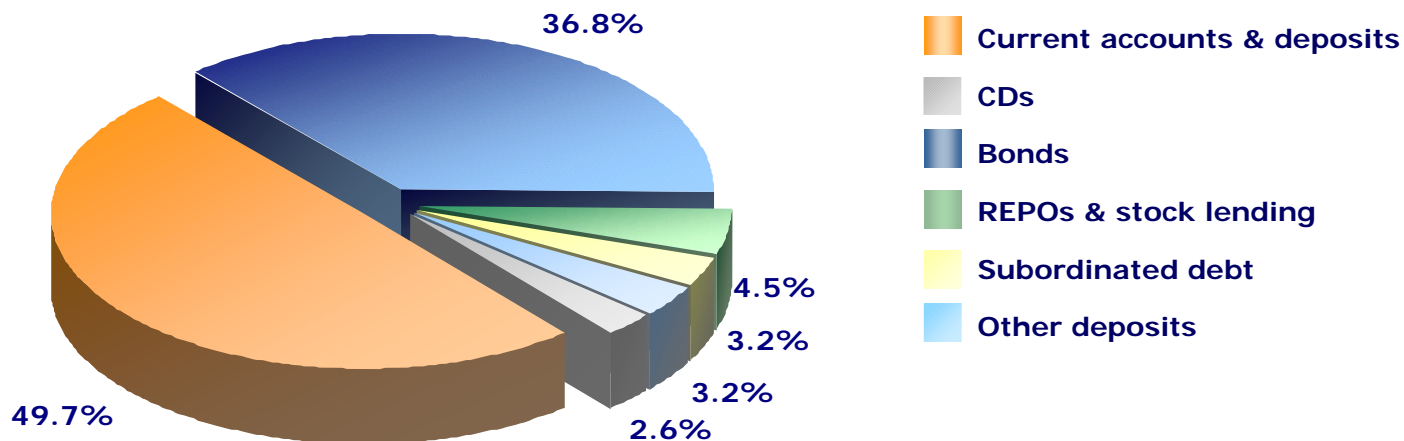
Balance Sheet Highlights: Direct Deposits

Growth in direct deposits coming from all components and especially current accounts and REPOs

	31/03/06	31/12/05	% change
<i>DIRECT DEPOSITS FROM CUSTOMERS</i>	65,689	63,228	3.9
- current accounts & deposits	32,638	31,769	2.7
- CDs	1,692	1,657	2.1
- bonds	24,166	23,474	2.9
- REPOs & stock lending	2,983	2,166	37.7
- subordinated debt	2,113	2,096	0.8
- other deposits	2,097	2,066	1.5

Direct customer deposits

as at 31/03/2006



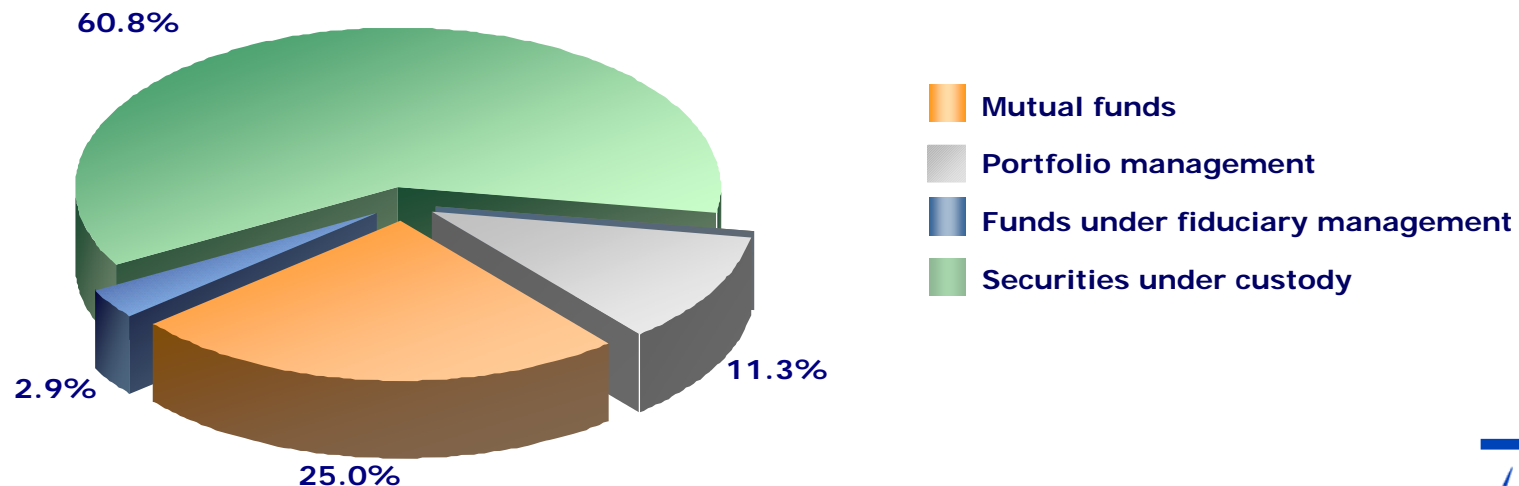
Balance Sheet Highlights: Indirect Deposits

Increase in indirect deposits driven by securities under custody and, to a lesser extent, portfolio management

	31/03/06	31/12/05	% change
INDIRECT DEPOSITS FROM CUSTOMERS	76,528	74,857	2.2
Assets under management	28,980	29,392	-1.4
- Mutual funds	17,906	18,610	-3.8
- Portfolio management	8,816	8,567	2.9
- Funds under fiduciary management	2,258	2,215	1.9
Securities under custody	47,548	45,465	4.6

Indirect customer deposits

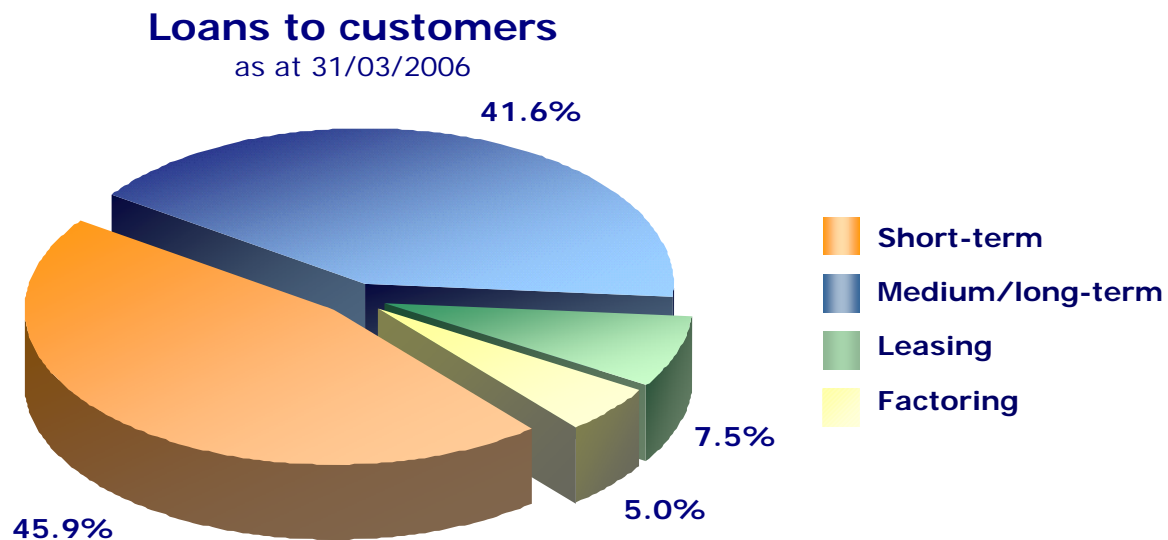
as at 31/03/2006



Balance Sheet Highlights: Loans to Customers

Stability in customer lending with a re-composition from short-term to medium/long-term

	31/03/06	31/12/05	%change
LOANS TO CUSTOMERS	63,761	64,288	-0.8
- short-term	29,284	30,691	-4.6
- medium/long-term	26,519	25,491	4.0
- leasing	4,795	4,750	0.9
- factoring	3,162	3,355	-5.8



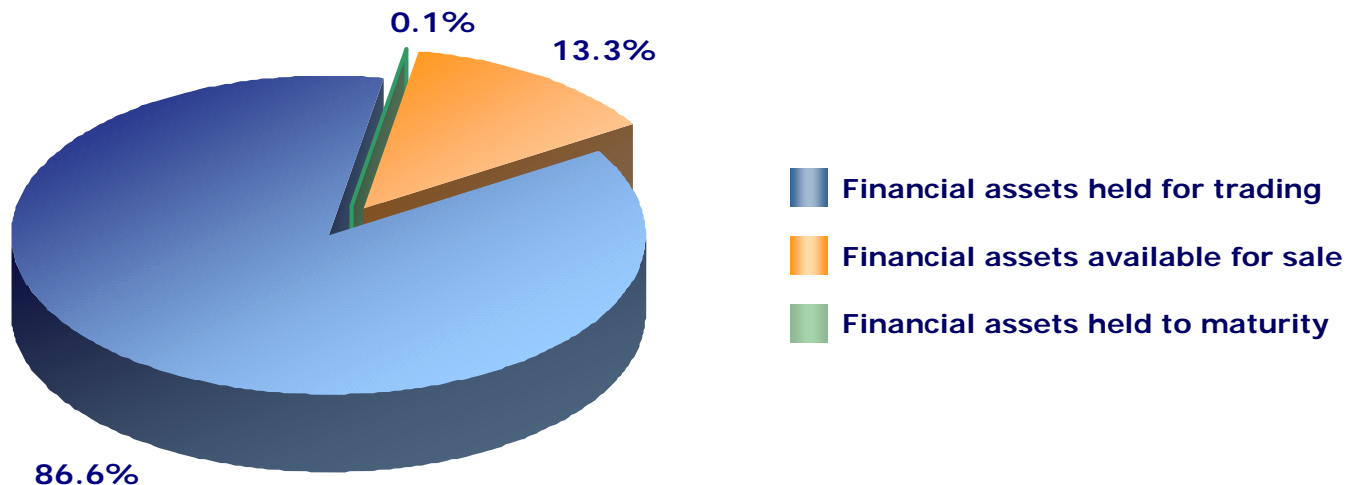
Balance Sheet Highlights: Financial Assets

Slight reduction in financial assets both in the trading component and in the available for sale

	31/03/06	31/12/05	% change
<i>FINANCIAL ASSETS PORTFOLIO</i>	8,707	8,839	-1.5
- financial assets held for trading	7,541	7,651	-1.4
- financial assets available for sale	1,157	1,179	-1.9
- financial assets held to maturity	9	9	-

Financial Assets Portfolio

as at 31/03/2006



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1Q2006 Results: Income Statement Highlights

Revenue growth more than offsets pick-up in cost of credit and increase in operating costs

<i>(Euro million)</i>	<i>1Q2006</i>	<i>Var. on 1Q2005</i>	
BANKING INCOME	816	+119	+17.1%
COST OF RISK	(70)	-36	+105.9%
OPERATING COSTS	(474)	-66	+16.2%
			
OPERATING PROFIT	278	+22	+8.6%

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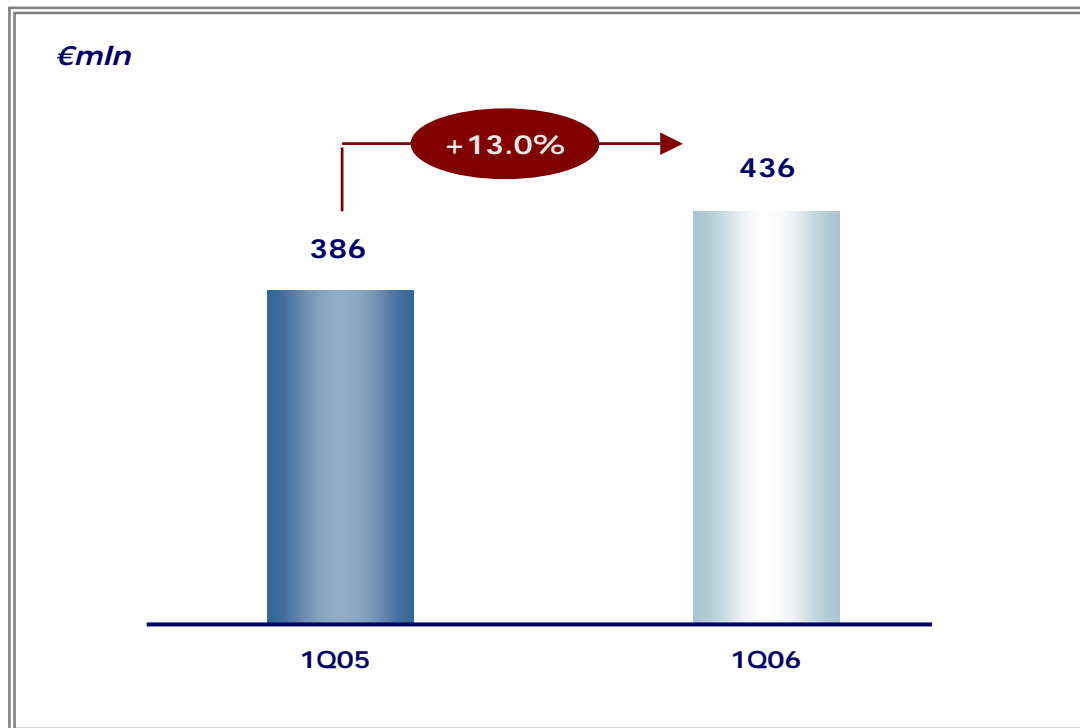
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BNL Group: Net Interest Income

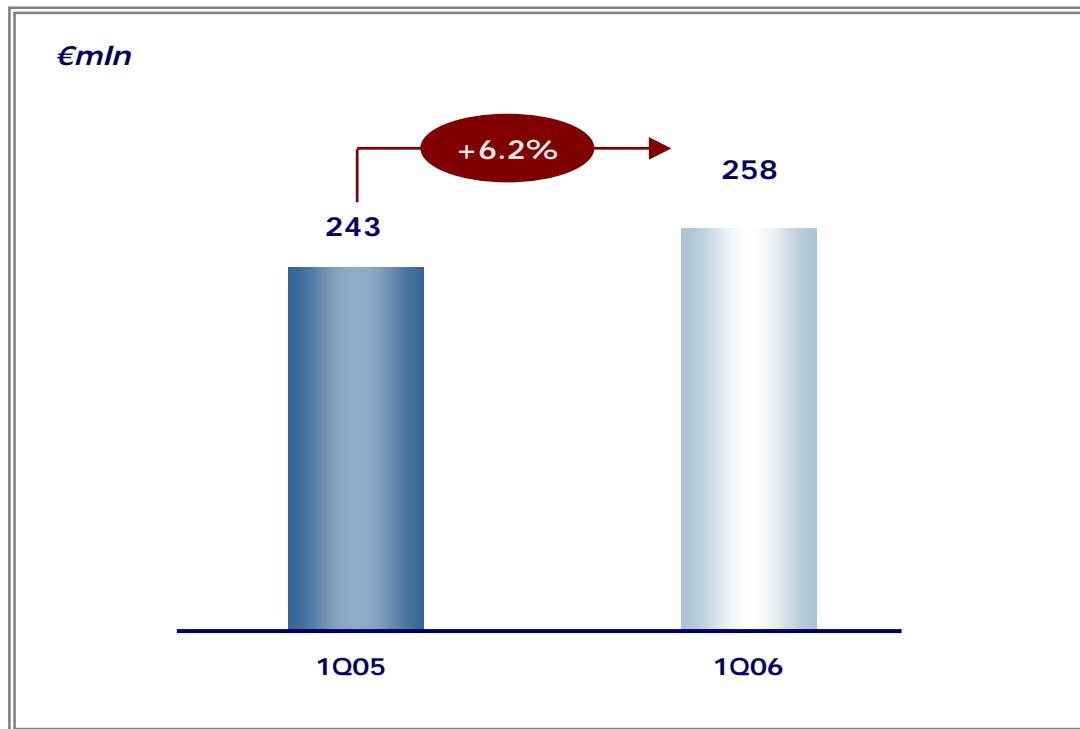
Improvement in interest income sustained by:

- higher average volumes especially in retail and mid-corporate markets
counter decline in mark-up
- strong recovery in contribution from deposits



BNL Group: Net Commissions

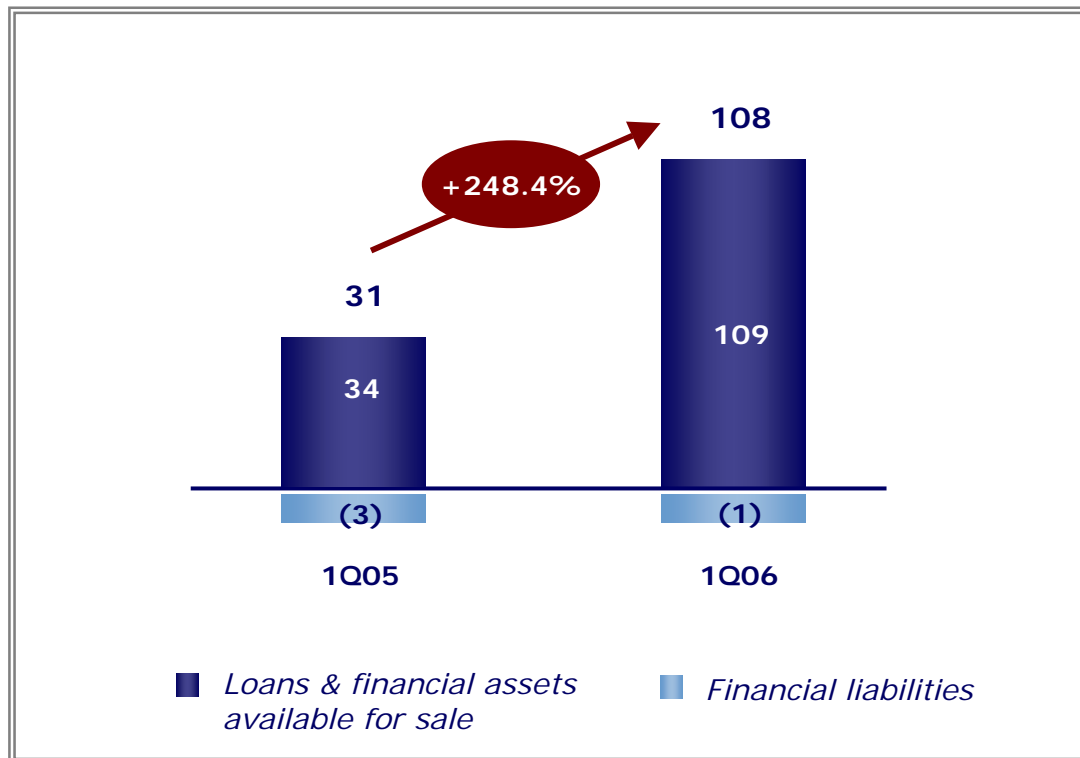
Improvement in commission income supported by positive trend in management services, brokerage and advisory components



BNL Group: Sale/Purchase of Loans & Fin.'l Assets

Financial assets available for sale boosted by the following items in the quarter:

- €77mln from the sale of Iraqi notes (for a nominal value of US\$370mln)
- €16mln from the sale of FIAT shares (approximately 10 million)



Segment Analysis: Banking Income

DATA AS OF 31 MARCH 2006

€mln	RETAIL	CORPORATE	CORPORATE CENTRE	TOTAL
NET INTEREST INCOME	199 (45.6%)	197 (45.2%)	40 (9.2%)	436 (100%)
OTHER NET INCOME	175 (46.0%)	115 (30.3%)	90 (23.7%)	380 (100%)
BANKING INCOME	374 (45.8%)	312 (38.2%)	130 (16.0%)	816 (100%)

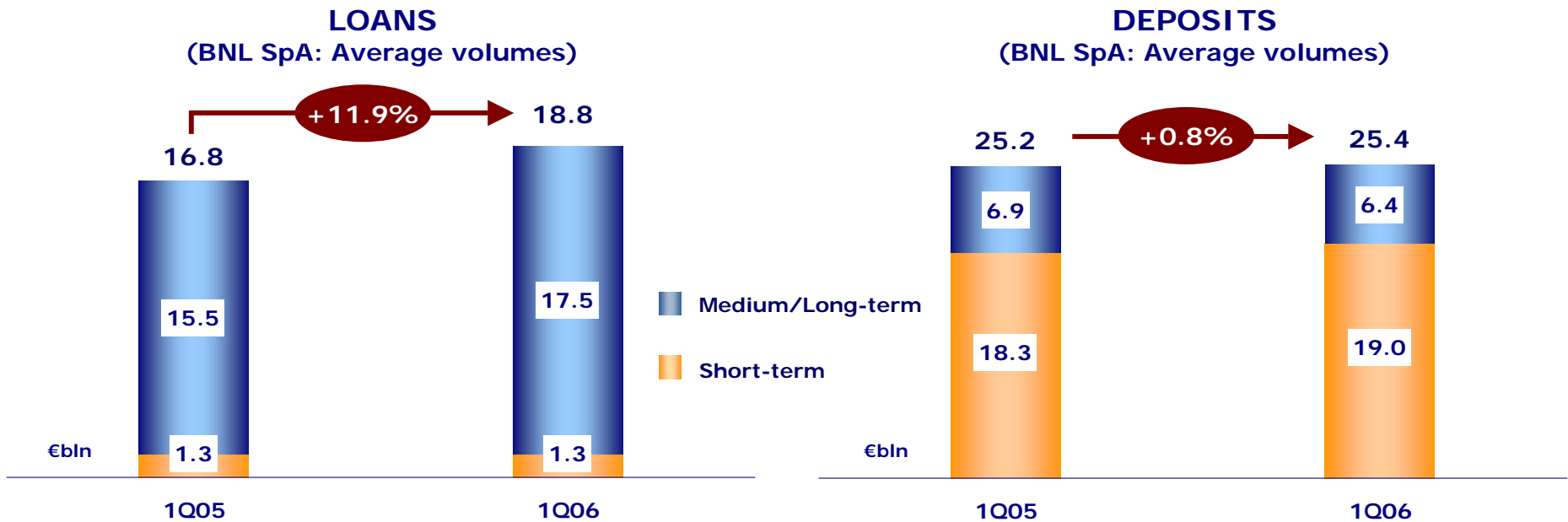
Retail Segment: Banking Income

Increase in retail banking income sustained particularly by interest income

€mln	1Q2005	1Q2006	Var. 2006/05
NET INTEREST INCOME	187	199	+6.4%
OTHER NET INCOME	172	175	+1.7%
BANKING INCOME	359	374	+4.2%

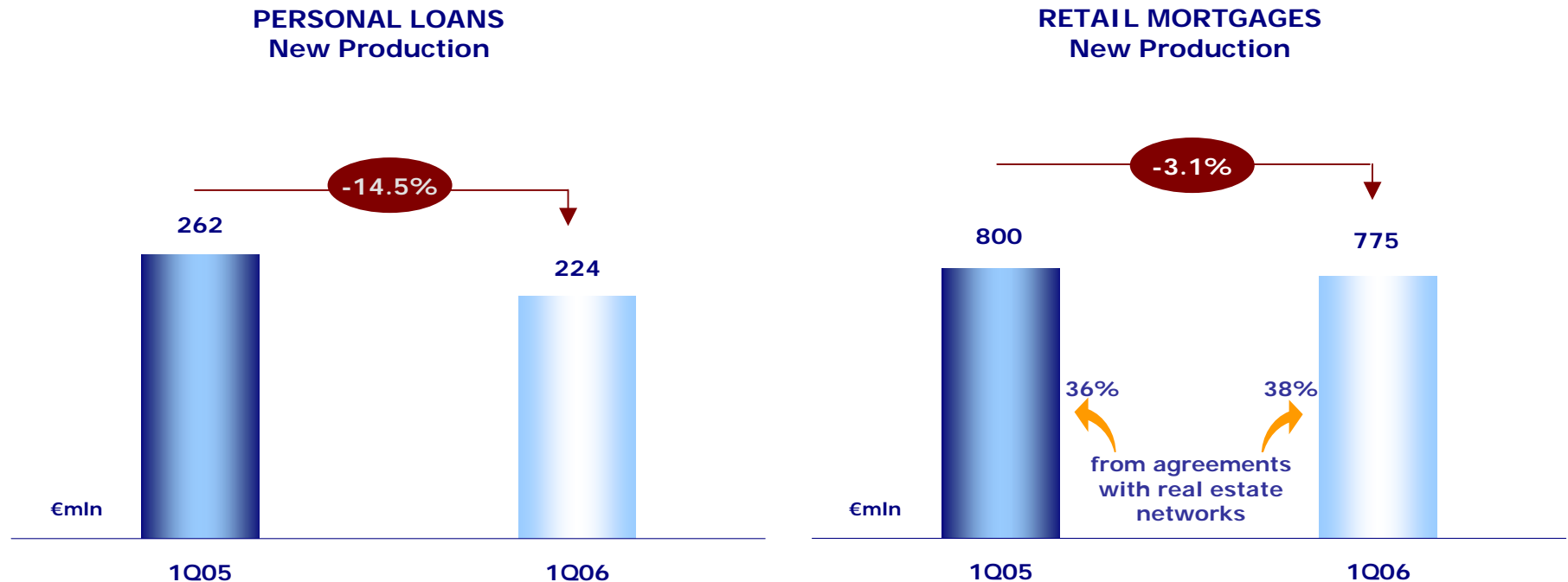
Retail Segment: Individuals and Private

- Increase in medium/long-term lending activity
- Stable deposits with a re-composition towards short-term component
- Slight improvement in spreads driven by recovery in mark-down



Retail Segment: Mortgages and Personal Loans

- ❑ Retail lending new production of €1bln remains significant though lower than in the previous year
- ❑ Initiatives taken to counter slowdown centred on promotional campaigns on interest rates, product offer development and increasing contribution from agreements with third parties' networks



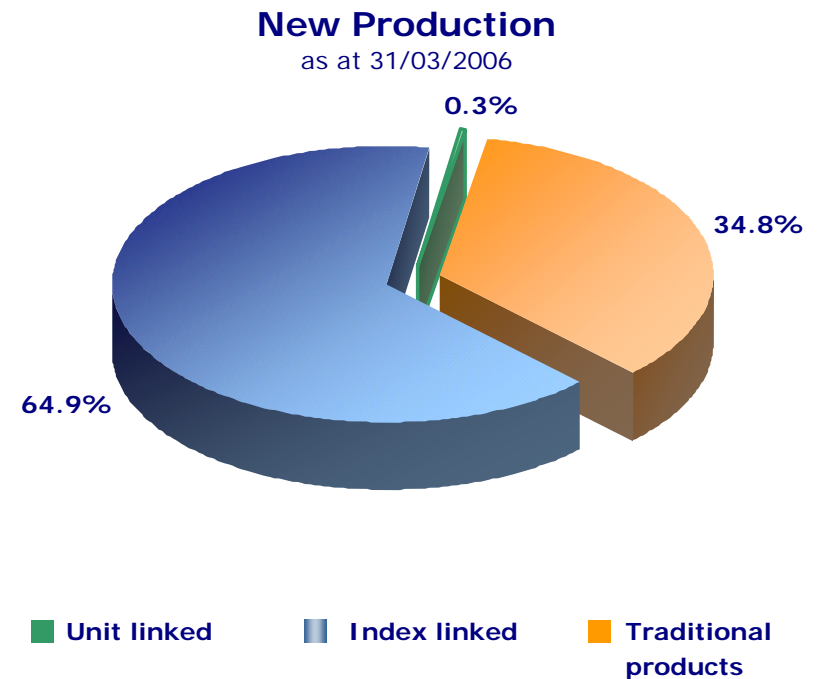
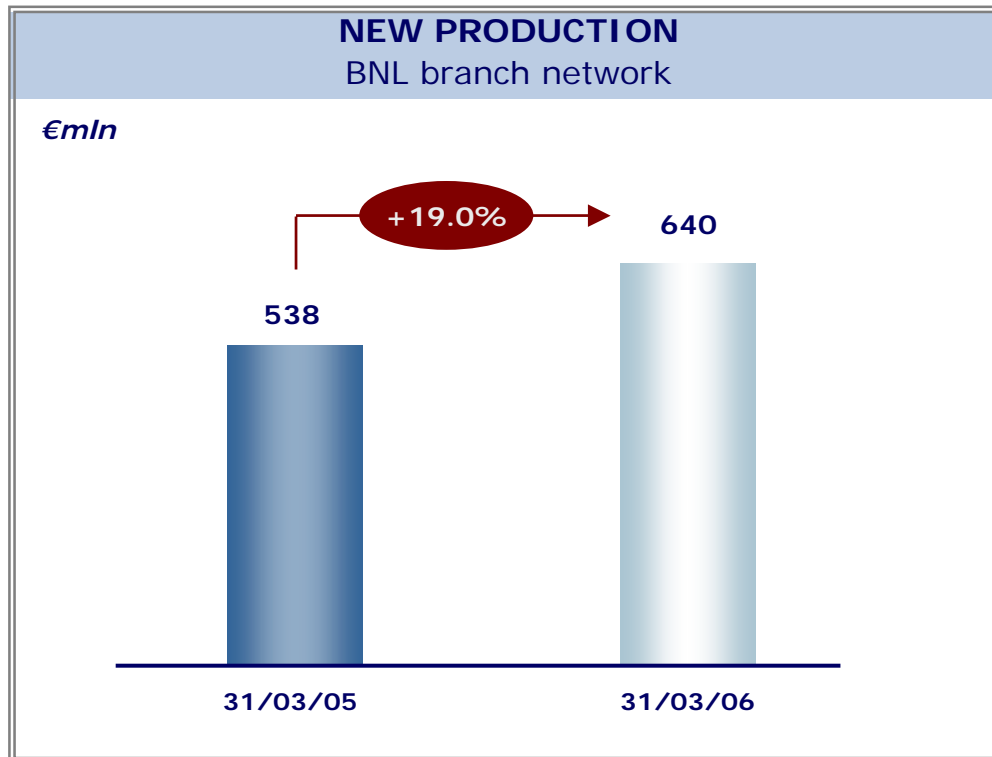
Retail Segment: Non-Interest Income

Improvement in retail commissions resulting from pick-up in transaction fees and asset management components

€mln	1Q2005	1Q2006	Var. 2006/05
NET COMMISSIONS & OTHER INCOME	171.8	174.9	+1.8%
<i>Transaction fees</i>	17.3	20.2	+16.8%
<i>Credit fees</i>	17.6	16.6	-5.7%
<i>Account expenses</i>	38.0	37.9	-0.3%
<i>Debit/credit cards management fees</i>	5.1	5.2	+2.0%
<i>Securities under custody</i>	11.1	11.3	+1.8%
<i>Asset management</i>	56.6	60.3	+6.5%
<i>Other net income</i>	(3.9)	(4.0)	n.s.
<i>Group companies</i>	30.0	27.4	-8.7%

Retail Segment: Bancassurance

Significant increase in bancassurance new production mostly resulting from contribution of index products (+93% yoy)



Corporate Segment: Banking Income

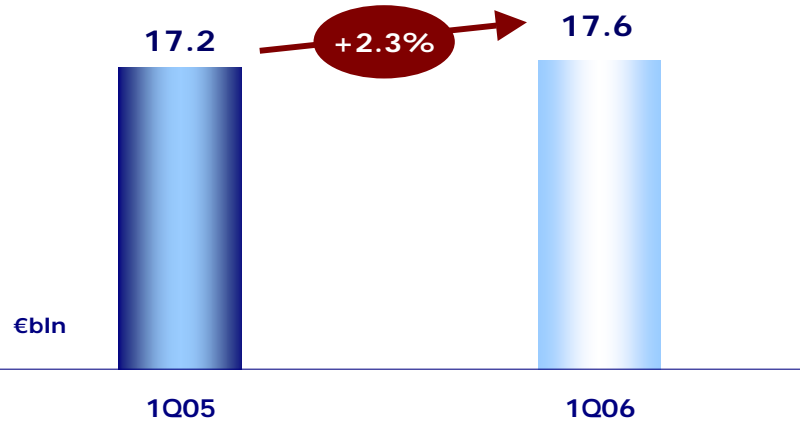
Corporate banking income boosted by increase in non-interest income

€mln	1Q2005	1Q2006	Var. 2006/05
NET INTEREST INCOME	191	197	+3.1%
OTHER NET INCOME	96	115	+19.8%
BANKING INCOME	287	312	+8.7%

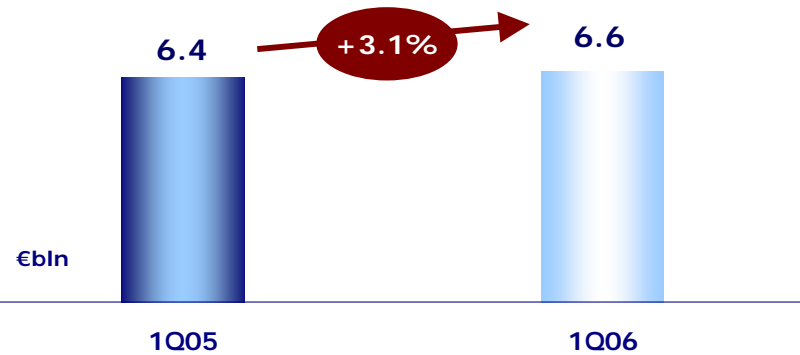
Corporate Segment: Lending Activity

Lending volumes growth in all domestic components

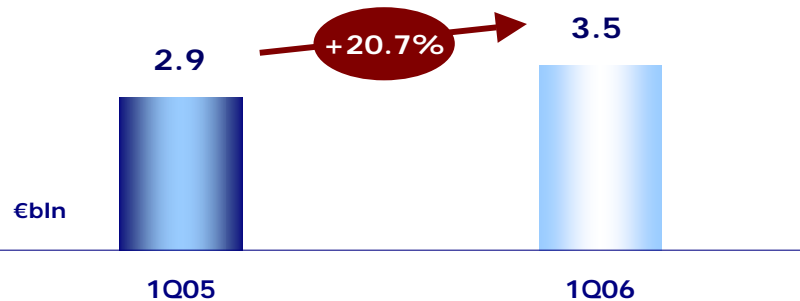
MID-CORPORATE
(BNL SpA: Average volumes)



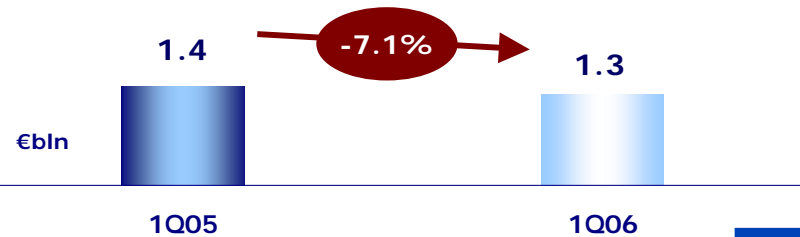
LARGE CORPORATE
(BNL SpA: Average volumes)



PUBLIC ADMINISTRATION
(BNL SpA: Average volumes)

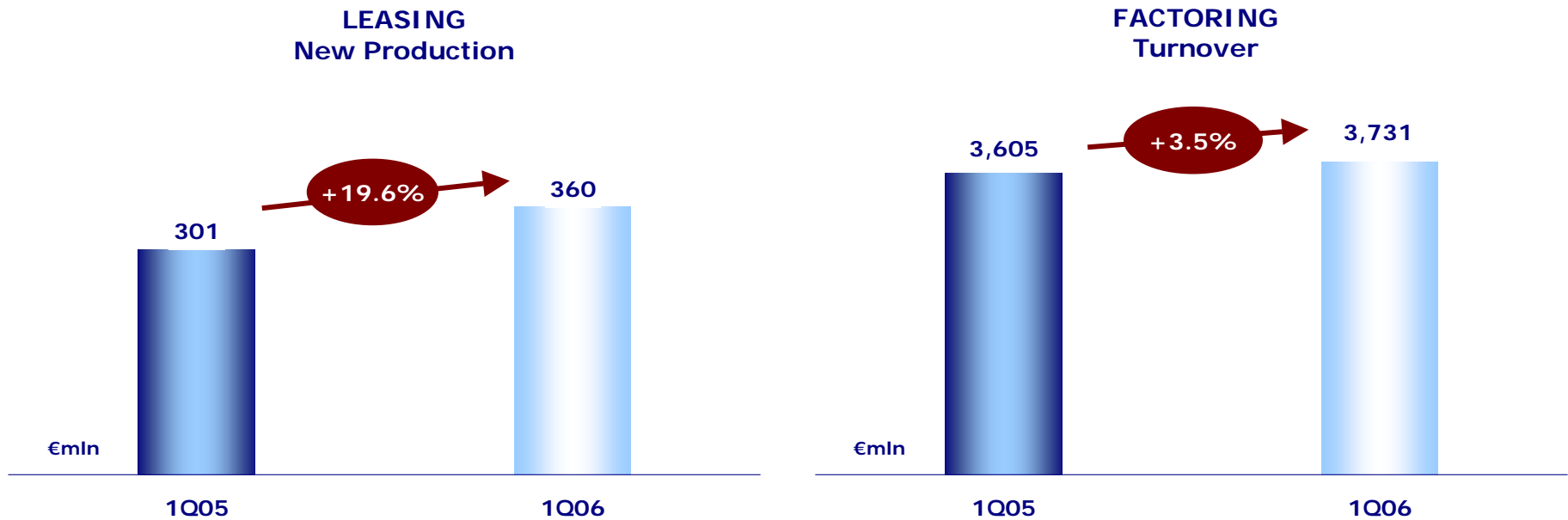


INTERNATIONAL
(BNL SpA: Average volumes)



Corporate Segment: Leasing and Factoring

Significant growth in leasing new production with a pick-up in factoring activity



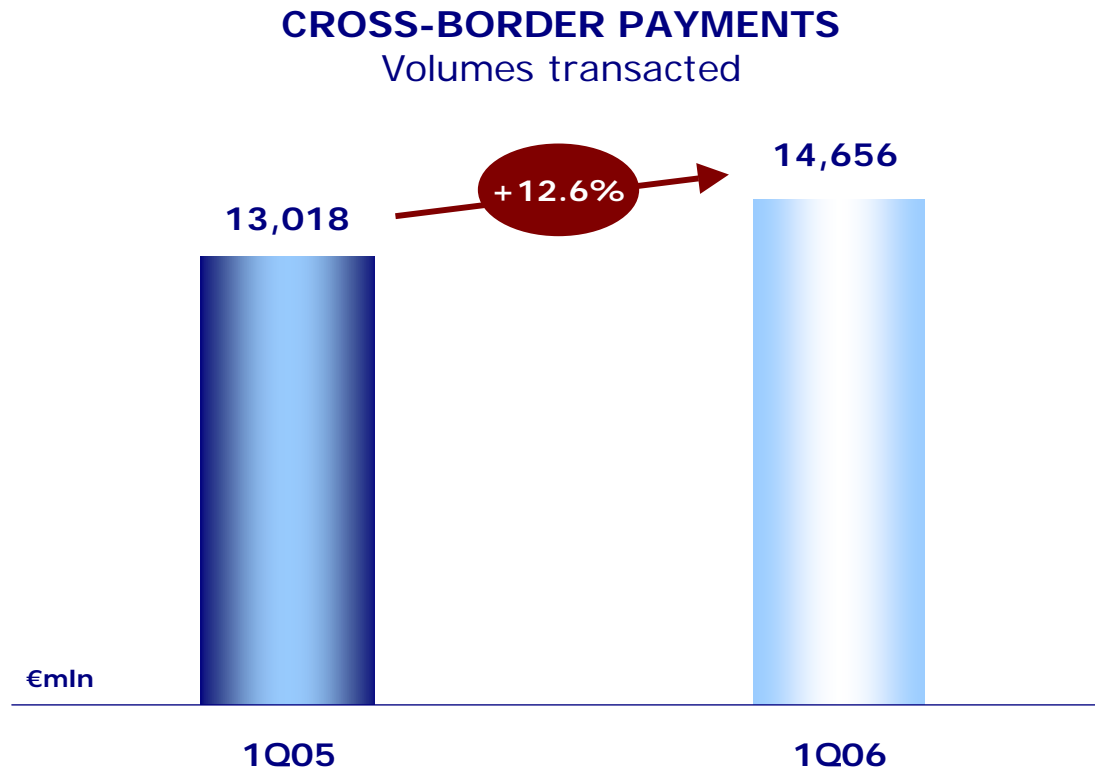
Corporate Segment: Non-Interest Income

Sizeable increase in corporate commissions driven by derivative activity and commercial fees

€mln	1Q2005	1Q2006	Var. 2006/05
NET COMMISSIONS & OTHER INCOME	96.5	115.2	+19.4%
<i>Derivatives</i>	17.9	26.7	+49.2%
<i>Other financial profits</i>	6.9	4.4	-36.2%
<i>Commercial fees</i>	45.1	50.4	+11.8%
<i>Brokerage and primary market fees</i>	1.8	2.8	n.s.
<i>Investment banking fees</i>	11.3	11.2	-0.9%
<i>Group companies</i>	13.5	19.7	+45.9%

Corporate Segment: Cross-Border Payments

Continuing growth trend in volumes transacted support increase in commercial fees component



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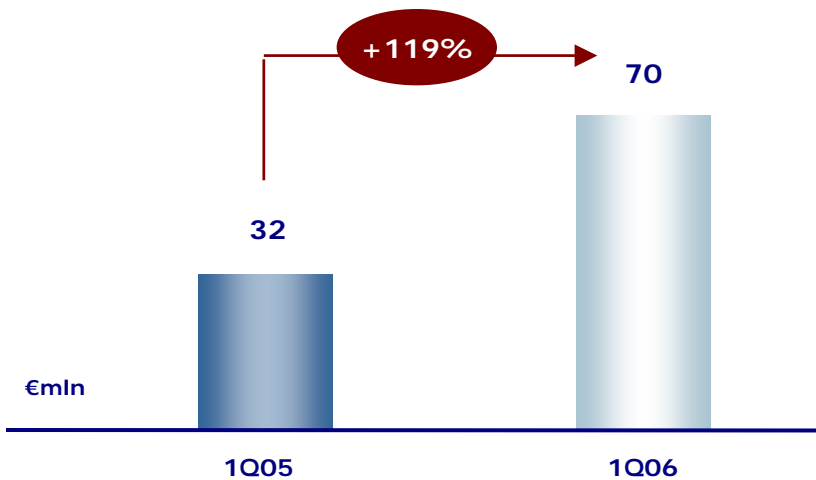
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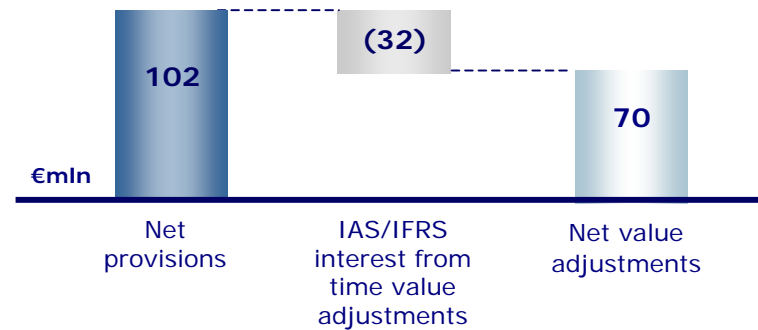
BNL Group: Cost of Credit

- Higher adjustments on loans mainly due to increased write-downs on NPLs
- Annualised cost of credit essentially in line with expectations

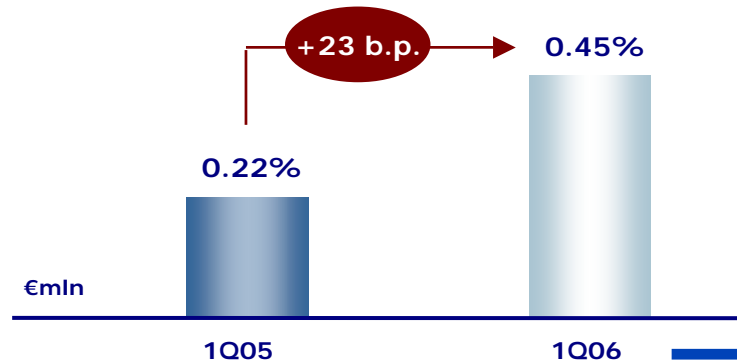
NET VALUE ADJUSTMENTS ON LOANS



NET VALUE ADJUSTMENTS ON LOANS
(1Q2006 DYNAMICS)



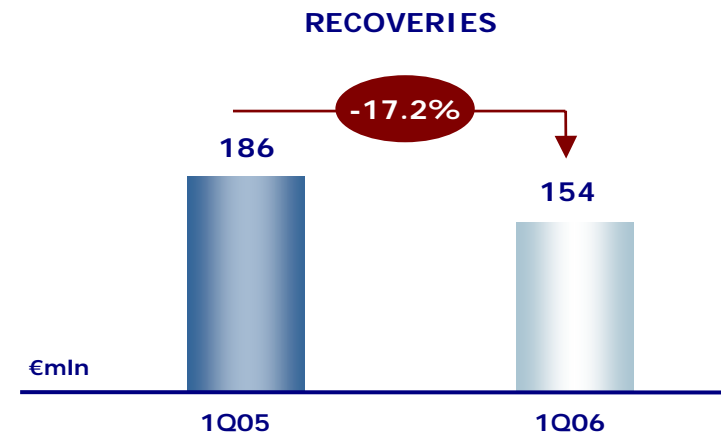
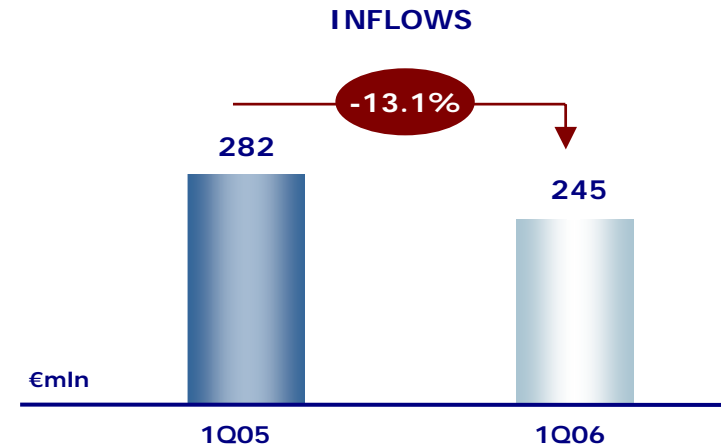
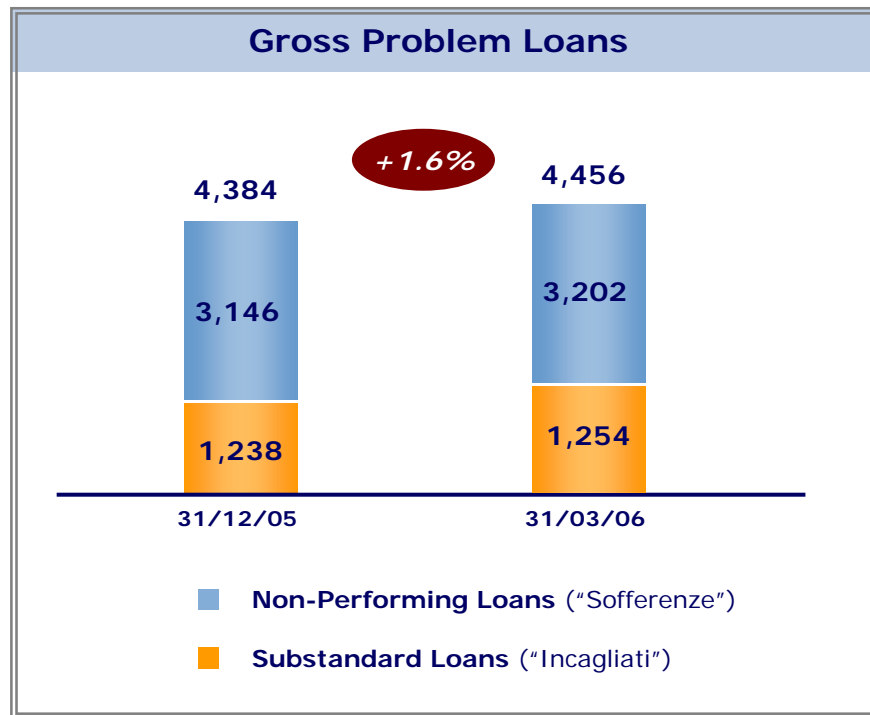
% OF CUSTOMERS LOANS *



* annualised

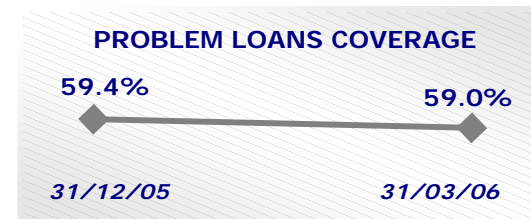
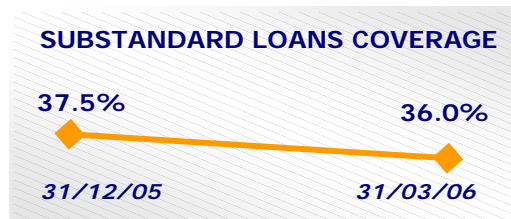
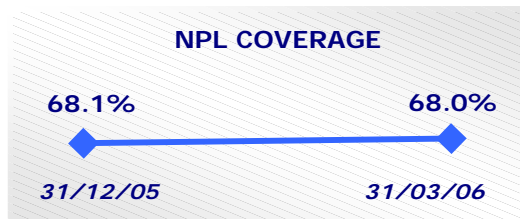
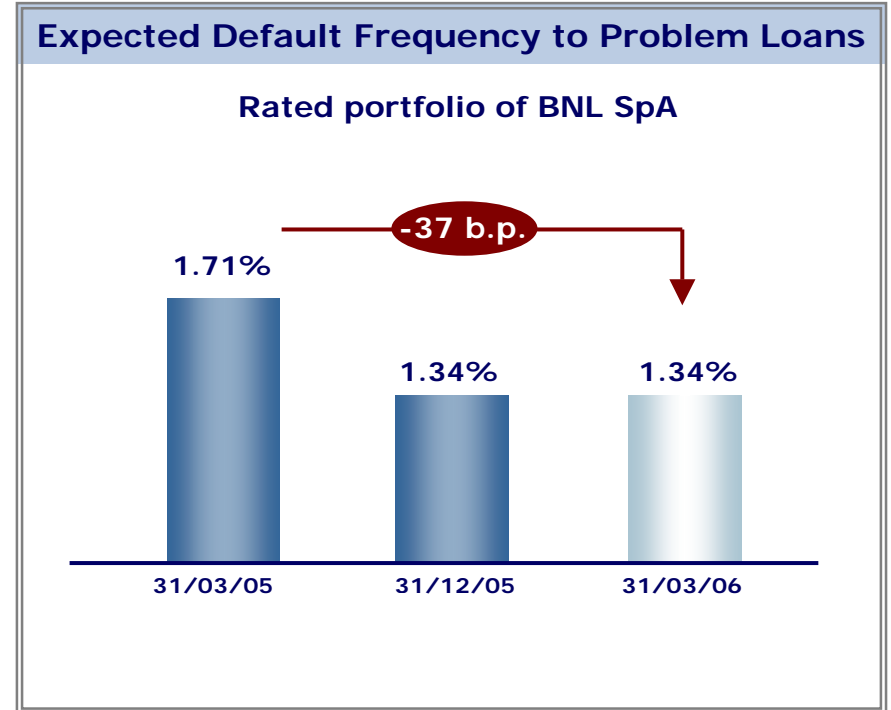
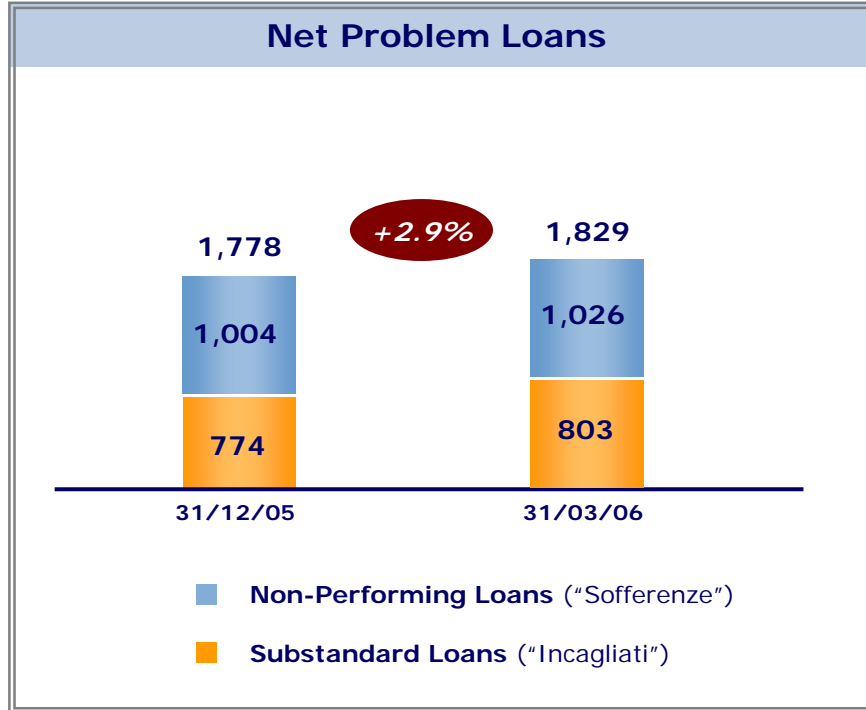
BNL Group: Asset Quality

- ❑ Continuing reduction trend in inflows confirmed in the quarter
- ❑ Lower level of recoveries resulting from lower stocks compared to previous year



BNL Group: Asset Quality

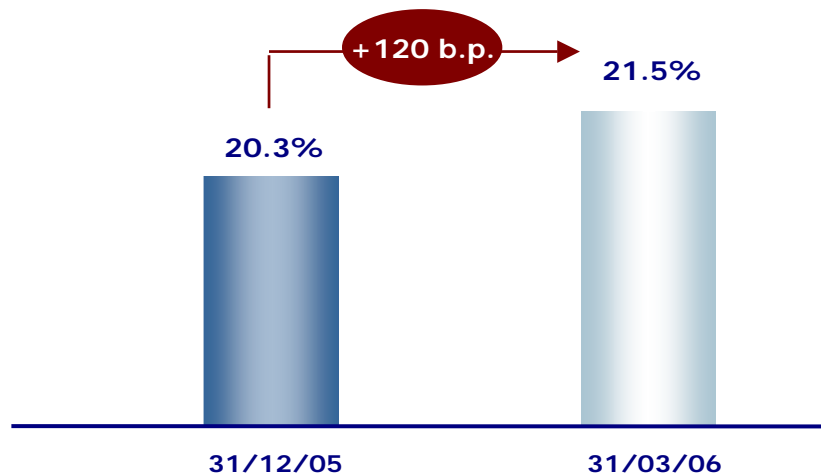
- Slight increase in net balances in the period
- YoY improvement in rated loan book quality with stability in the quarter



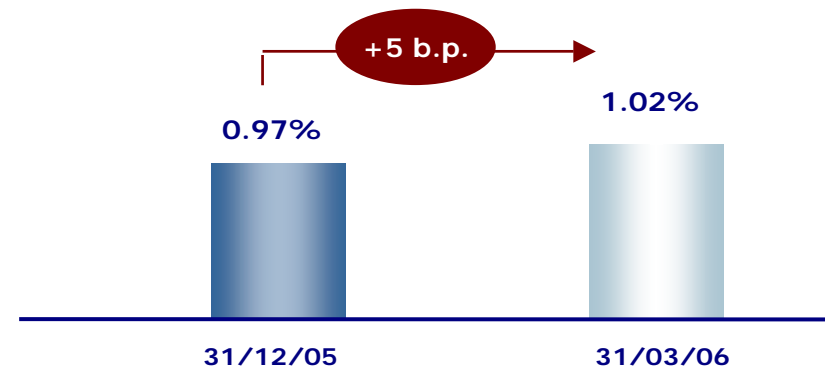
BNL Group: Past Due and Performing Loans Coverage

- ❑ Past due loans balances decrease by 11% compared to year-end 2005 whilst coverage increases
- ❑ Performing loans coverage above 1%

PAST DUE COVERAGE



PERFORMING LOANS COVERAGE



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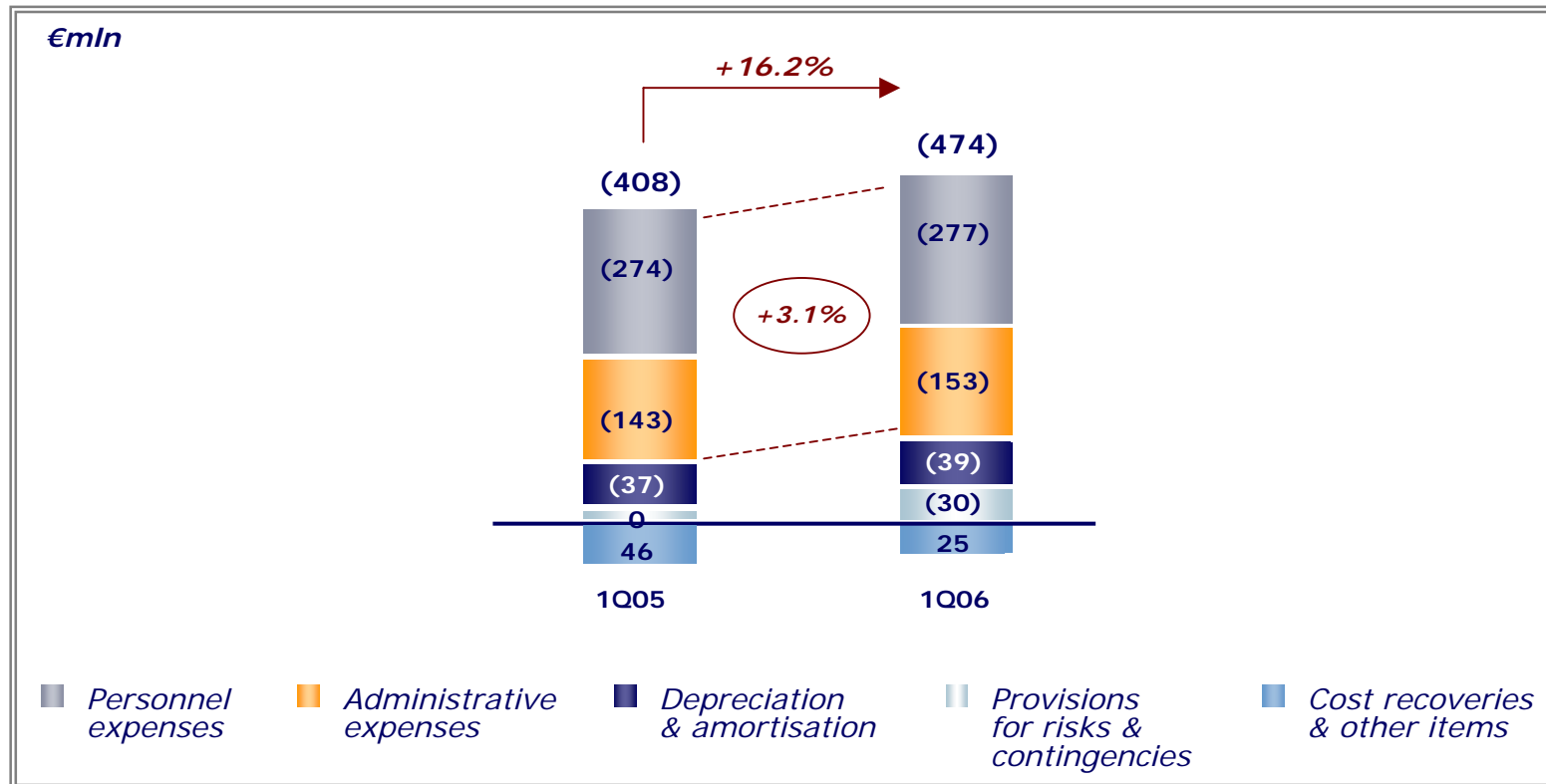
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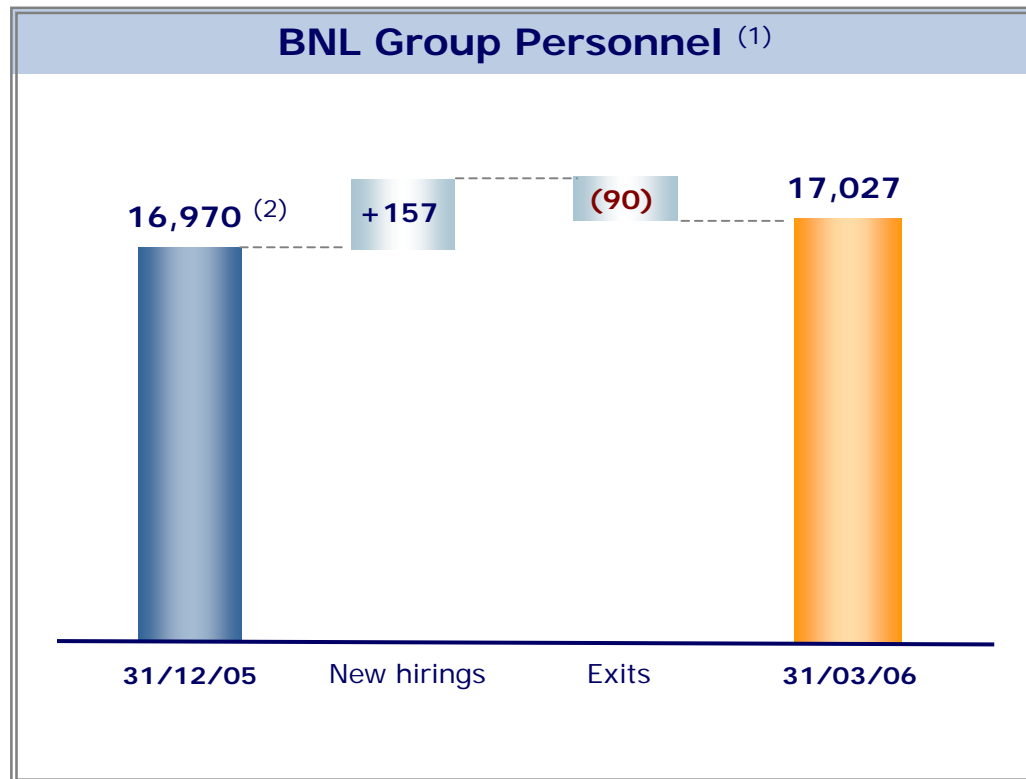
BNL Group: Operating Costs

- ❑ Personnel and administrative expenses mark a contained increase YoY whilst contracting significantly on the previous quarter
- ❑ Lower cost recoveries and prudent provisions for risks & contingencies lead to an increase on the previous year



BNL Group: Personnel

- Personnel turnover remains significant with a net increase of 67 in 1Q06
- New hirings targeted at strengthening commercial distribution network



BNL GROUP PERSONNEL DYNAMICS

	Dec. 2005	Mar. 2006
LINE FUNCTIONS	3,437	3,389
<i>of which Operations</i>	2,085	2,021
GOVERNANCE	1,256	1,275
DOMESTIC NETWORK	11,071	11,166
GROUP COMPANIES	1,206	1,197

(1) Data exclude 2,030 resources operating in Argentina

(2) Includes 10 additional resources of BNL SpA located in other companies of the Group

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BNL Main Ratios

Data at 31/03/2006

EFFICIENCY	COST/INCOME COST/INCOME (adjusted*)	54.4% 52.4%
ASSET QUALITY	NPL COVERAGE NET NPL/NET LOANS TO CUSTOMERS COST OF CREDIT PERFORMING LOANS COVERAGE	68.0% 1.6% 45 b.p. 1.0%
CAPITAL BASE	TIER 1 RATIO TOTAL RISK RATIO	6.9% 9.7%
PROFITABILITY	ROE (annualised) EPS (annualised)	13.7% €0.24

* Adjusted to include under income the interest from the time value adjustment on impaired loans provisions.

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BNL Group: 1Q2006 Income Statement

<i>€mln</i>	1Q06	1Q05	% change
NET INTEREST INCOME	436	386	13.0
Net commissions	258	243	6.2
Dividends on equity investments	-	-	n.s.
Net result and dividends from trading, hedging and fair value option	14	37	(62.2)
Profit (loss) on sale/purchase of loans and other financial assets	109	34	220.6
Profit (loss) on repurchase of other financial liabilities	(1)	(3)	(66.7)
NET INTEREST AND OTHER BANKING INCOME	816	697	17.1
Net value adjustments for impairment of loans and receivables	(70)	(32)	118.8
Net value adjustments for impairment of other financial assets	-	(2)	n.s.
NET RESULT OF FINANCIAL ACTIVITIES	746	663	12.5
Administrative expenses	(430)	(417)	3.1
<i>a) personnel expenses</i>	(277)	(274)	1.1
<i>b) other administrative expenses</i>	(153)	(143)	7.0
Net provisions for risks and contingencies	(30)	-	n.s.
Net write-downs/write-backs on tangible assets	(14)	(13)	7.7
Net write-downs/write-backs on intangible assets	(25)	(24)	4.2
Other operating income/expenses	25	46	(45.7)
OPERATING COSTS	(474)	(408)	16.2
Profit (loss) on equity investments, from sale of investments & goodwill impair.	6	1	n.s.
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	278	256	8.6
Tax for the period	(106)	(120)	(11.7)
Net profit (loss) after tax of non-current assets held for sale	10	-	n.s.
Net profit (loss) attributable to minority interests	-	-	n.s.
NET PROFIT (LOSS)	182	136	33.8

BNL Group: Balance Sheet

<i>€mln</i>	31/03/2006	31/12/2005	% change
ASSETS	88,900	89,090	(0.2)
Cash and cash equivalents	377	471	(20.0)
Loans and receivables to banks	9,066	8,131	11.5
Loans and receivables to customers	63,761	64,288	(0.8)
Financial assets held for trading, carried at f.v., AFS and HTM	8,709	8,839	(1.5)
Hedging derivatives	242	187	29.4
Change in value of financial assets recorded as part of a macrohedge	134	284	(52.8)
Equity investments	157	155	1.3
Tangible and intangible assets	2,606	2,558	1.9
Non current assets held for sale and discontinued operations	850	1,279	(33.5)
Tax and other assets	2,998	2,897	3.5
LIABILITIES AND SHAREHOLDERS' EQUITY	88,900	89,090	(0.2)
Deposits from banks	11,649	13,808	(15.6)
Deposits from customers	65,689	63,228	3.9
Financial liabilities - held for trading	1,716	1,854	(7.4)
Hedging derivatives	351	393	(10.7)
Change in value of financial liabilities part of a macrohedge	(145)	(36)	302.8
Allowances for risks & contingencies and liab. for retirement indemn.	1,146	1,128	1.6
Liabilities related to discontinued operations	784	1,180	(33.6)
Tax and other liabilities	2,358	2,506	(5.9)
Shareholders' equity	5,352	5,029	6.4
<i>of which: - Parent Company</i>	<i>5,311</i>	<i>4,989</i>	<i>6.5</i>
- Minorities	41	40	2.5

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