

Press Release

The Board of Directors calls the Ordinary and Extraordinary Shareholders' Meeting and the Special Shareholders' Meeting of Savings Shareholders

Proposed the mandatory conversion at par of BNL savings shares into ordinary shares and the amendment of the exercise price of the sale option of savings shares to the Bank approved at the Extraordinary Shareholders' Meeting of 15th September 2006

Rome, 17th October 2006. The Board of Directors of BNL, meeting today chaired by Luigi Abete, has approved the proposal for the mandatory conversion at par of BNL savings shares into ordinary shares of the Bank, as well as consequent amendments to related articles of the By-Laws, to be submitted for the approval of the Extraordinary Shareholders' Meeting and, subsequently, of the Special Shareholders' Meeting of Savings Shareholders, called respectively for 20th, 22nd and 23rd November, at first, second and third calling.

The mandatory conversion transaction (the "**Mandatory Conversion**") is proposed also in view of the fact that savings shares, which are traded on the MTA ("Mercato Telematico Azionario"), at today's date have a reduced free float as they represent 0.21% of the total share capital of the Company and, consequently, have limited liquidity. The Mandatory Conversion will thus lead to a simplification of BNL's share capital structure, by reducing it to just one category of shares, with the attainment of benefits in terms of savings of company management costs.

The Mandatory Conversion shall entail the assignment for each savings share of one newly issued ordinary share having the same characteristics as the ordinary shares in circulation. Following this transaction all savings shares shall be annulled and thus de-listed from the MTA.

Following the mandatory conversion, savings shareholders shall become ordinary shareholders of the Bank, and shall henceforth acquire capital and administrative rights, envisaged by the law and the By-Laws for ordinary shares (amongst which the voting right at the AGM), notwithstanding the possibility of exercising the withdrawal right ("diritto di recesso"), in accordance with art. 2437 and 2437, comma 1, lett. g) – *quinquies* of the Civil Code. The liquidation value of the shares for which the withdrawal right has been exercised shall be determined, in accordance with art. 2437-ter, comma 3 of the Civil Code, exclusively on the basis of the arithmetic average closing price of BNL's savings shares in the six months preceding the publication of the notice for the shareholders' meeting that approved the withdrawal. Merely as an indication, please note that this value, on the basis of the share price trend of savings shares until 13th October 2006, would be equal to euro 3.415 per share.

In addition, the Board of Directors shall propose to the Extraordinary Shareholders' Meeting to proceed with the Mandatory Conversion only after the expiry of the period set for savings shareholders to choose whether (1) to take part in the voluntary conversion at par of BNL saving shares into ordinary shares of the bank, approved by the Extraordinary Shareholders'

Meeting on 15th September 2006, or (2) to exercise the right to sell saving shares to the Bank, in accordance with art. 144-*bis*, comma 1, lett.d) of the Consob Regulation 11971/99 (the "**Sale Option**"), within the terms approved by the Ordinary Shareholders' Meeting on 15th September 2006.

In terms of the exercise price of the Sale Option, the Board of Directors shall propose to the Ordinary Shareholders' Meeting, called for the 20th and the 23rd November 2006, an amendment to the authorisation for the purchase and sale of own shares approved by the Shareholders' Meeting on 15th September 2006, to revise the price formerly set for saving shares - not exceeding euro 2,9275 - in order to align such price to the liquidation value of shares for which the withdrawal right has been exercised. The new price shall be determined in accordance with the law and promptly made public.

All information (including terms, means and timing) relating the voluntary conversion offer and the Sale Option, as well as the Mandatory Conversion, shall be immediately made public according to rules and regulations. The acceptance period of the voluntary conversion offer and the simultaneous exercise period of the Sale Option are expected to commence after the approvals by the Shareholders' Meetings called for the above mentioned dates.

Through this transaction BNL's Board of Directors intends, on the one hand, to ensure that savings shareholders maintain rights and options that had been granted to them as a result of the proposals approved at the Extraordinary Shareholders' Meeting of 15th September 2006 and, on the other, to favour savings shareholders who intend to cash in on their investment, allowing such investors the opportunity of selling, through the exercise of the Sale Option, the savings shares held at the same conditions as those prescribed by law for the withdrawal right, without having to await the conclusion the liquidation procedure envisaged by law.

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

Contacts

BNL – Media Relations

Francesco Chiurco

Tel. +39 06 4702 7209-15

Fax +39 06 4702 7445

press.bnl@bnlmail.com

BNL – Investor Relations

Tel. +39 06 4702 7887

Fax +39 06 4702 7884

investor-relations@bnlmail.com