



Presentation of 2005 Group Results

- March 2006 -

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Executive Summary

**COHERENT ACTIONS AND STRATEGIC
IMPLEMENTATION DESPITE UNCERTAIN
SCENARIO SURROUNDING BNL**



**SUCCESSFUL COMPLETION OF TARGETS
ENVISAGED BY OPERATING PLAN**



**LAY THE FOUNDATION FOR RE-LAUNCHING
GROWTH AND CREATING VALUE FOR
SHAREHOLDERS ON A SUSTAINABLE BASIS**

Executive Summary: Operating Plan Objectives

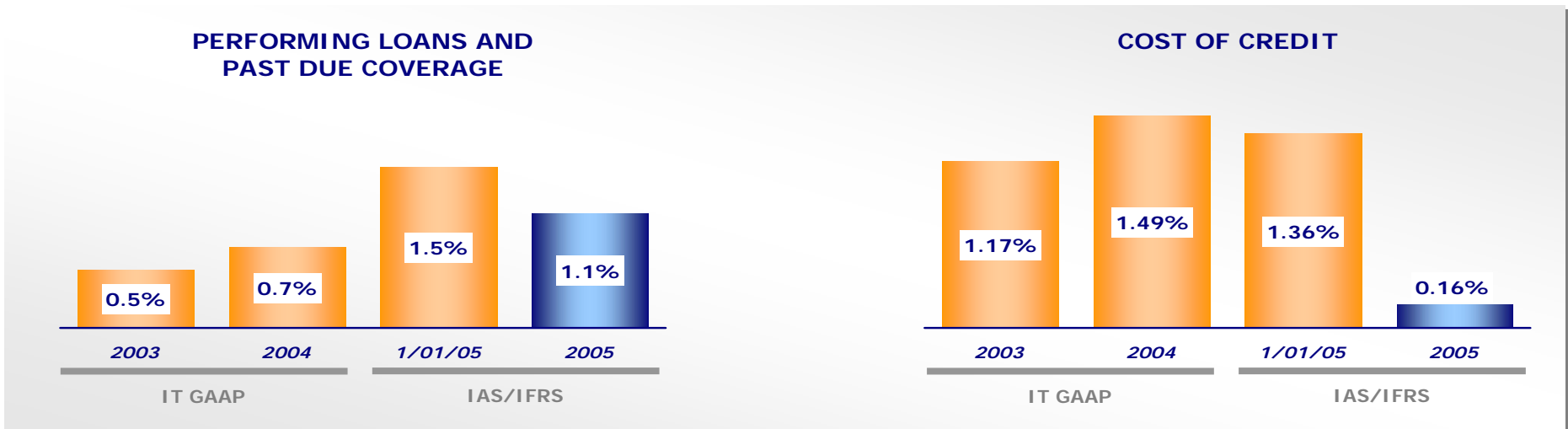
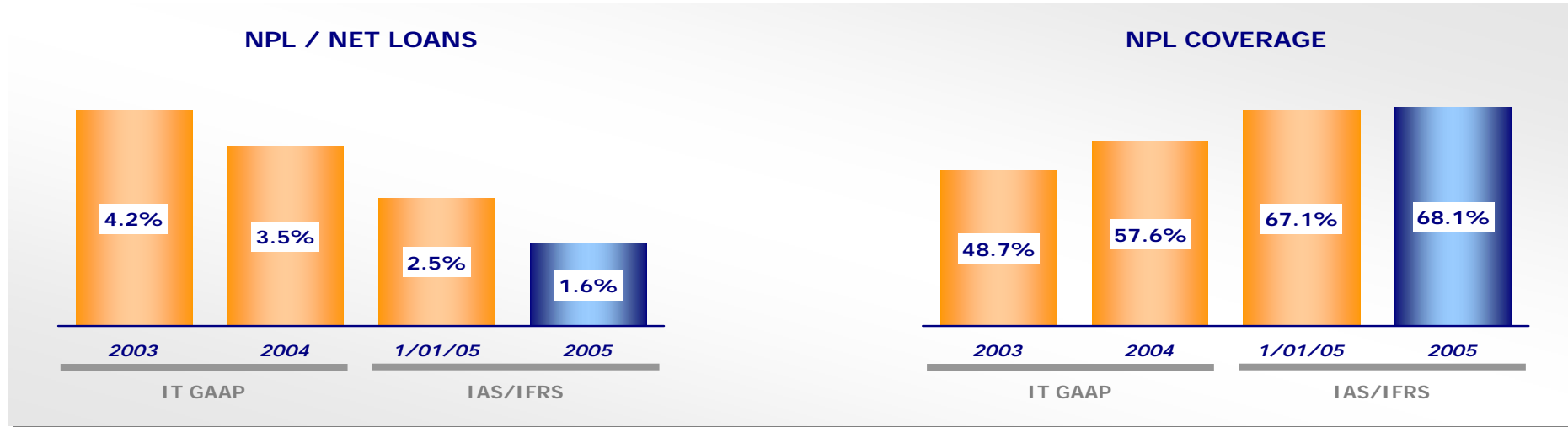
IMPROVE THE GROUP'S RISK PROFILE

STRENGTHEN FINANCIAL QUALITY

INCREASE PROFITABILITY AND OPERATING EFFICIENCY

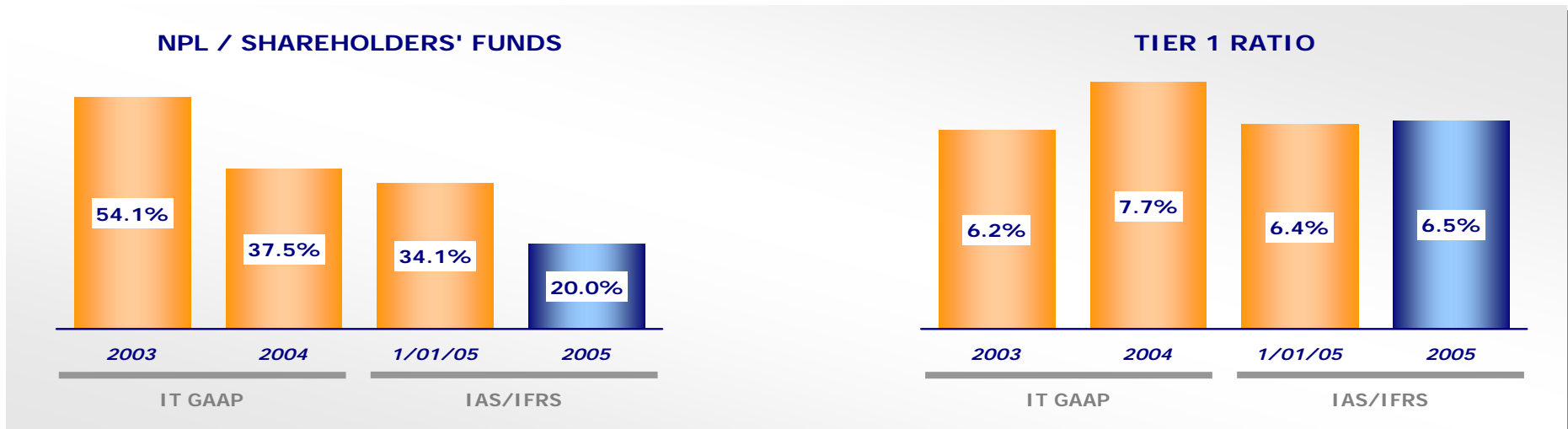
RATIONALISE GROUP PERIMETER

Executive Summary: Risk Profile

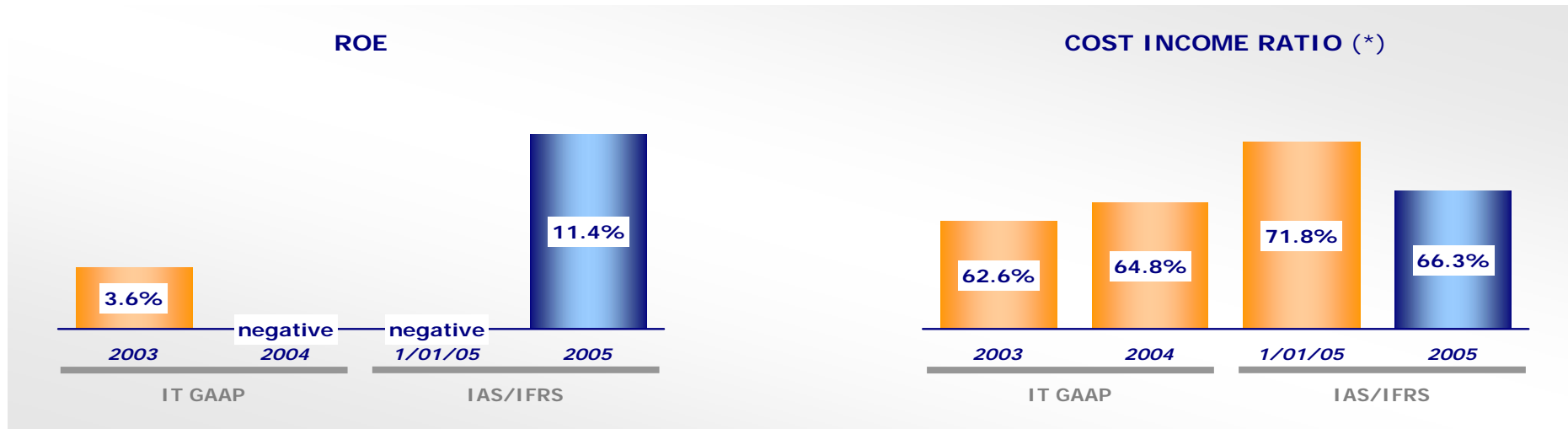


2004 income statement data exclude impact of IAS 32-39

Executive Summary: Financial Strength



Executive Summary: Profitability and Efficiency



(*) IAS/IFRS data calculated on the basis of new income statement reclassification principles.
2004 income statement data exclude impact of IAS 32-39

Executive Summary: Group Perimeter Review

Completed rationalisation of Group perimeter aimed at reducing risk profile and increasing commercial activity




INVESTMENTS SOLD

- Banca BNL Investimenti
- Banco BNL do Brasil
- Hesse Newman & Co
- Albacom Holdings
- Argentina Group
(being finalized)

INCORPORATED

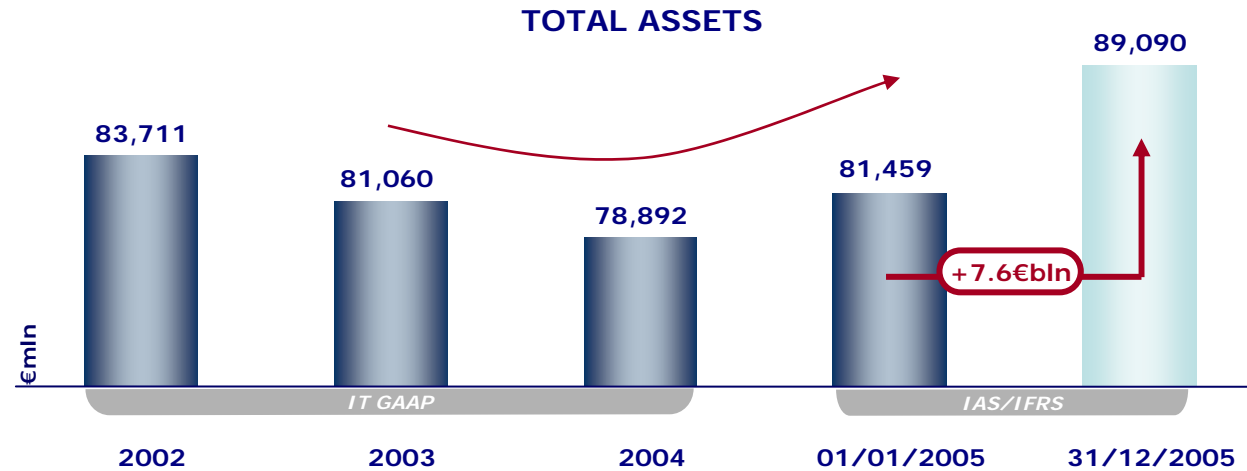
- Coopercredito
- BNL Multiservizi
(captive ITC activities)

NEW COMMERCIAL INITIATIVES

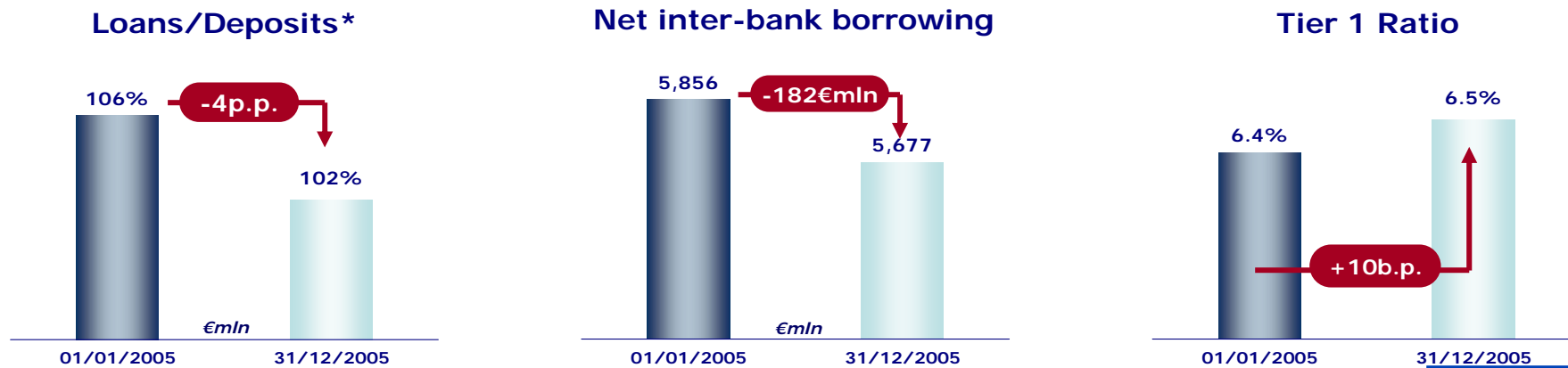
-  **Advera** Consumer credit finance **JV** with Grupo **BBVA**
-  **BNL POSitivity** Merchant acquiring **JV** with  **FIRST DATA**

Executive Summary: Balance Sheet Growth

The restructuring implemented has allowed a trend reversal with the resumption of significant balance sheet growth



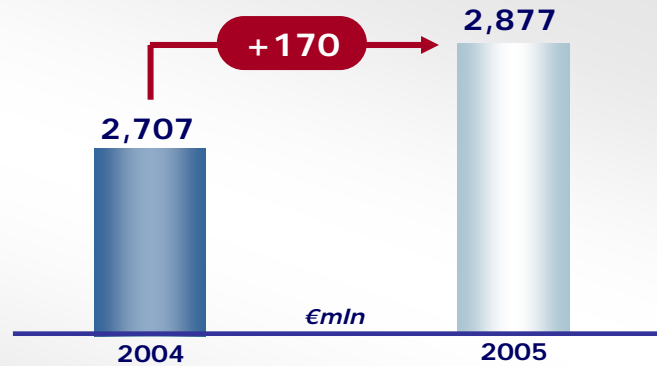
with an improvement in the Group's financial equilibrium



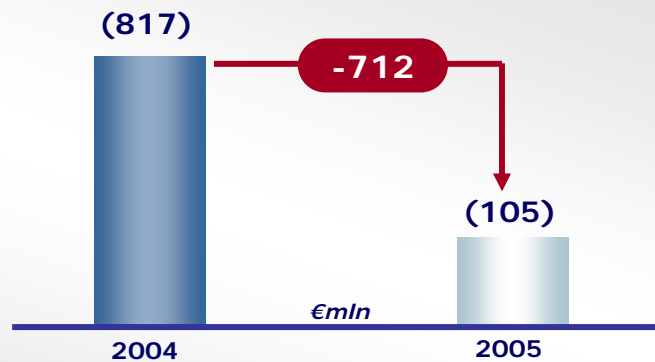
* Includes securities issued

Executive Summary: Income Statement Results

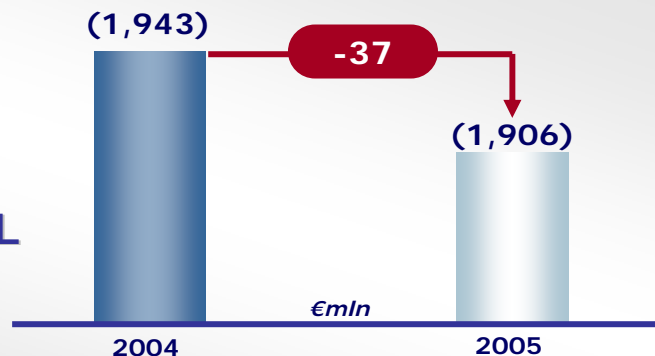
**SIGNIFICANT
GROWTH IN
BANKING
INCOME**



**MARKED
REDUCTION
IN COST OF
CREDIT**



**EFFECTIVE
COST CONTROL
POLICY**



FY2005

NET PROFIT

€ 532 MLN

EPS*

€ 0.161

** Calculated in accordance with IAS33*

Executive Summary: Argentina

Agreed sale of the Argentinean activities for an overall amount of US\$205mln

The finalization of the sale – save for the insurance business already completed last February - is subject to the approval of local regulatory authorities. Upon receipt of all necessary approvals – expected by the end of April – the completion of the sale shall generate a total profit of approx. US\$155mln gross of costs and contractual guarantees.

Argentina's contribution to results at year-end 2005 amounted to €40mln with a significant incidence from non-recurrent income relating to sales of financial assets

The Argentinean Group has been accounted in accordance with IFRS 5, which regulates Activities Held for Sale; the relative balance sheet and P&L items have been separately presented in the consolidated accounts and impact the balance sheet and P&L account through the following entries:

Assets:	"Non-current assets held for sale and discontinued operations"	€1,279mln
Liabilities:	"Liabilities related to discontinued operations"	€1,172mln
P&L account:	"Profit/loss after tax of non-current assets held for sale"	€40mln

Executive Summary: Iraq

In January 2006, replaced outstanding credit position (valued at YE2005 at €260mln) with newly issued Iraqi government bonds for a nominal value of US\$683mln

The bonds, issued in accordance with US law, shall be repaid in 16 instalments starting from 15 July 2020 with a final maturity on 15 January 2028.

They bear an annual fixed interest rate of 5.80%, payable semi-annually with a first coupon payment on 15 July 2006.

The bonds have been accounted in the “available for sale” portfolio and are valued at “fair value”.

Coherently with the strategy of reducing risk concentration, BNL Group has sold part of these bonds for an overall nominal amount of US\$370million.

The sale has generated to date a capital gain in the region of €81million to be accounted in 1Q2006.

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Accounting Notes

IAS/IFRS principles

2005 data are fully compliant with IAS/IFRS.

For comparison purposes balance sheet data have been restated as of 1/01/2005 in full compliance with IAS/IFRS.

2004 income statement data have been restated according to IAS/IFRS with the exclusion of IAS32 and IAS39.

Income Statement review

Income Statement figures differ from those published in previous interim reports as a result of the back-dated implementation of the following:

- 1) amendments to accounting principles (IAS19 revised and fair value option);
- 2) Bank of Italy's directives (Circ. 262 of December 2005);
- 3) different implementation guidelines on IAS/IFRS issued by the Italian Accounting Body (Organismo Italiano di Contabilità) and by the Italian Banking Association (ABI).

2005 Results: Balance Sheet Highlights

Balance sheet growth sustained by increase in all main items

	(Euro million)	31/12/2005	1/01/2005	% change on 1/01/2005
TOTAL ASSETS		89,090	81,459	+9.4%
Loans to Customers		64,288	60,236	+6.7%
Loans to Banks		8,131	6,454	+26.0%
Financial Assets		8,839	5,468	+61.6%
TOTAL LIABILITIES		89,090	81,459	+9.4%
Deposits from Customers & Securities issued ⁽¹⁾		63,228	57,073	+10.8%
Deposits from Banks		13,808	12,310	+12.2%
Net Worth		5,029	4,446	+13.1%

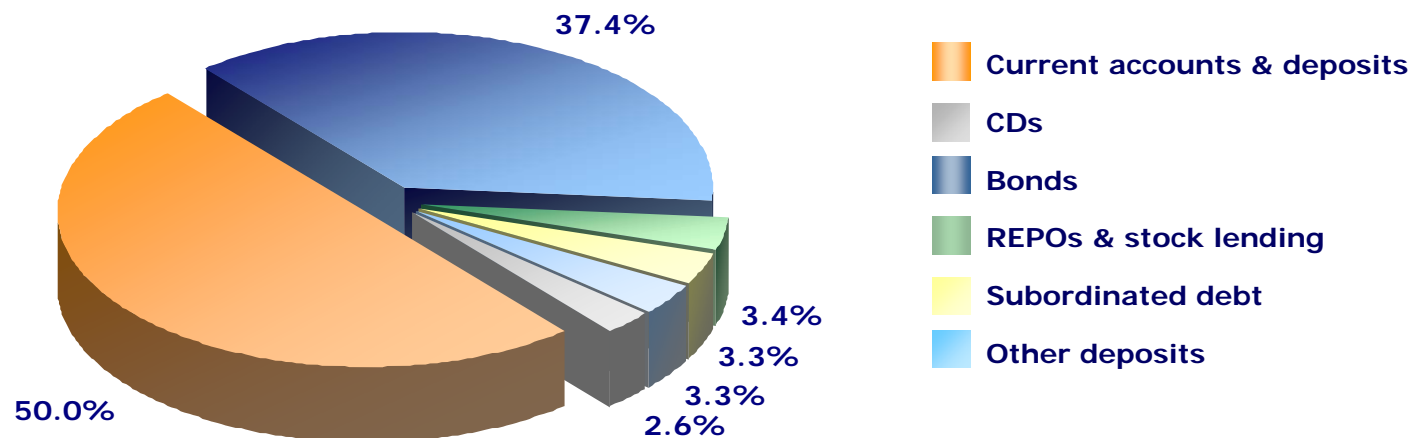
(1) From September 2005, with effect from 1 January 2005, BNL Group has adopted, solely for structured securities, the fair value option method included in the new version of IAS 39 approved by the IAS Board

Balance Sheet Highlights: Direct Deposits

- ❑ Increase in direct deposits mainly resulting from issues of securities
- ❑ Current accounts represent 50% of total

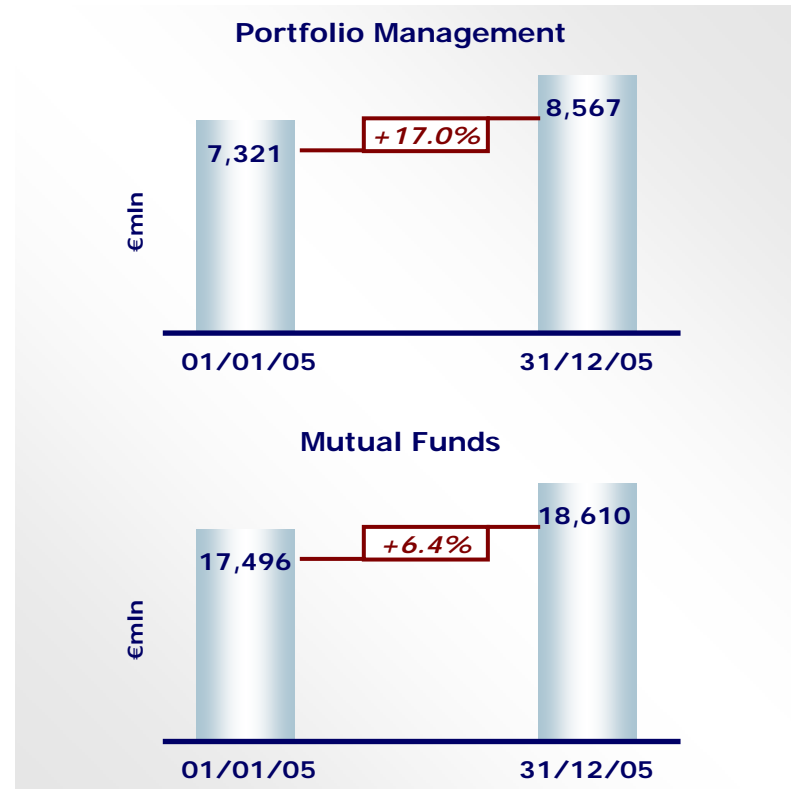
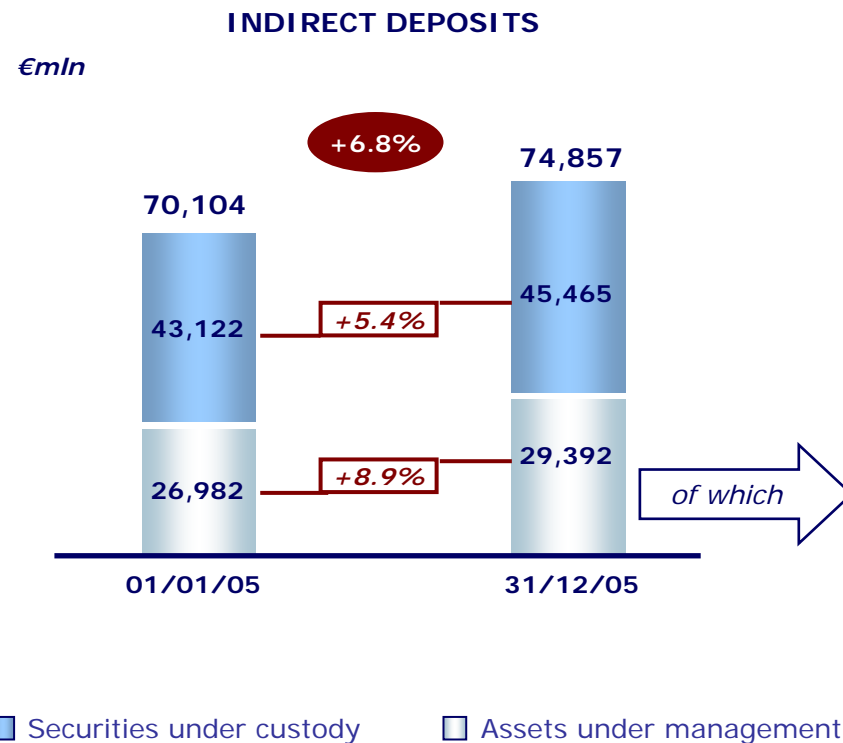
	2005	1/01/05	% change
<i>DIRECT DEPOSITS FROM CUSTOMERS</i>	63,228	57,073	+ 10.8
- current accounts & deposits	31,769	31,494	+0.9
- CDs	1,657	1,566	+5.8
- bonds	23,474	18,789	+24.9
- REPOs & stock lending	2,166	1,295	+67.3
- subordinated debt	2,096	2,848	-26.4
- other deposits	2,066	1,081	+91.1

Direct deposit from customers
as at 31/12/2005



Balance Sheet Highlights: Indirect Deposits

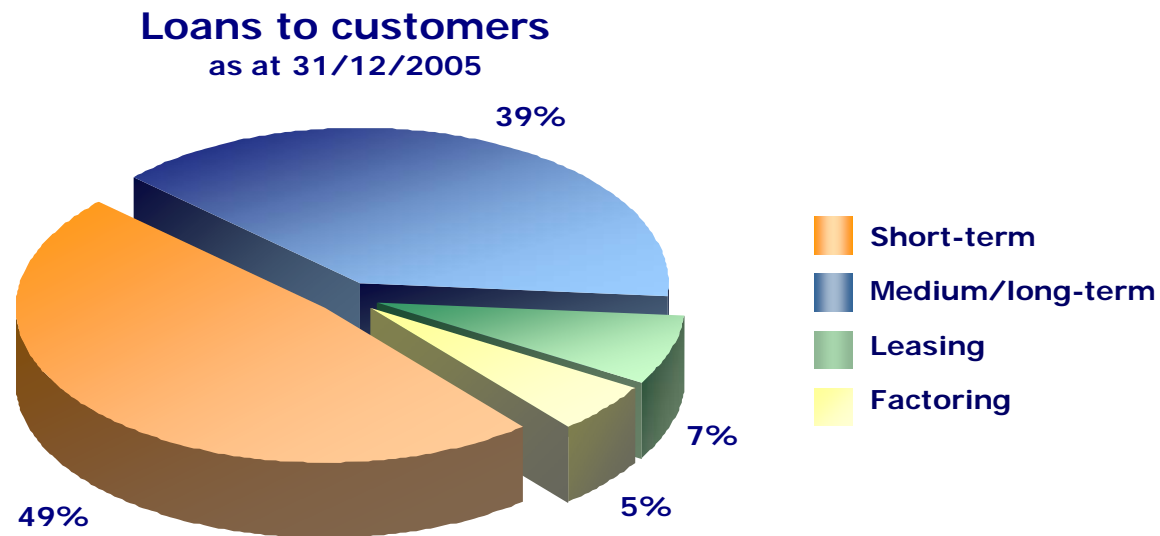
- Growth of both components leads to a €4.8bln increase in indirect deposits
- Significant improvement in assets under management sustained by portfolio management accounts and mutual funds



Balance Sheet Highlights: Loans to Customers

Customer lending growth driven by medium-term component and leasing

	2005	1/01/05	%change
LOANS TO CUSTOMERS	64,288	60,236	+6.7
- short-term	30,691	30,796	-0.3
- medium/long-term	25,491	21,602	+18.0
- leasing	4,750	4,371	+8.7
- factoring	3,355	3,466	-3.2

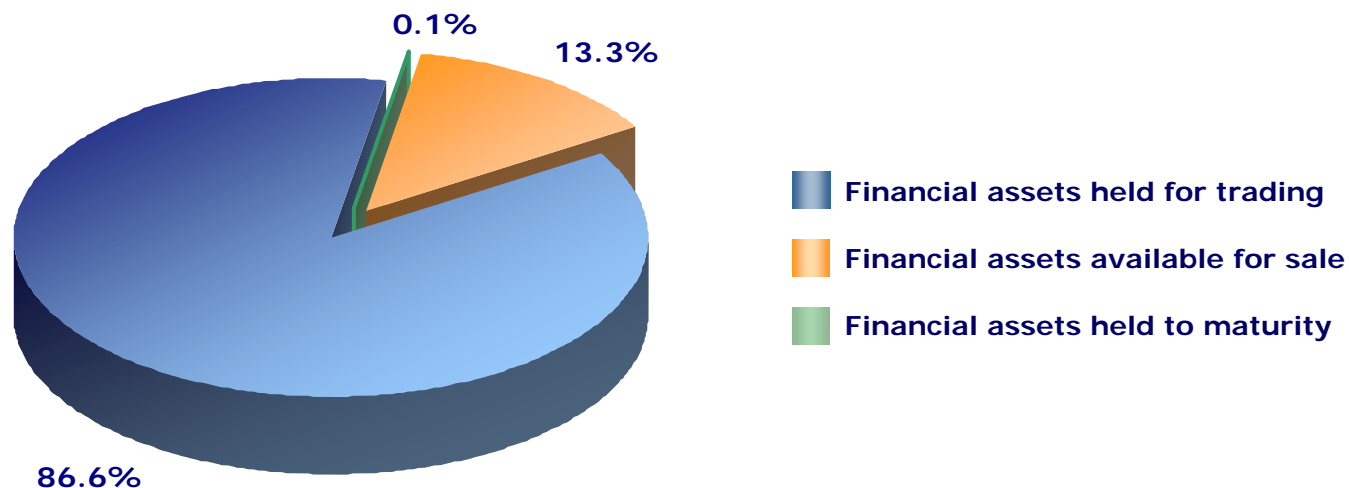


Balance Sheet Highlights: Financial Assets

Significant increase in held for trading component

	2005	1/01/05	% change
<i>FINANCIAL ASSETS PORTFOLIO</i>	8,839	5,468	+61.6
- financial assets held for trading	7,651	4,595	+66.5
- financial assets available for sale	1,179	865	+36.3
- financial assets held to maturity	9	8	+12.5

Financial Assets Portfolio
as at 31/12/2005



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2005 Results: Income Statement Highlights

Turnaround in operating result achieved through revenue growth, marked reduction in cost of credit and control of operating costs

<i>(Euro million)</i>	2005	<i>Var. on 2004</i>		<i>Excluding IAS 32-39</i>
BANKING INCOME	2,877	+170	+6.3%	+6.3%
COST OF RISK	(111)	-734	-86.9%	-67.2%
OPERATING COSTS	(1,942)	-118	-5.7%	-5.7%
				
OPERATING PROFIT	846	+1,010	n.s.	n.s.

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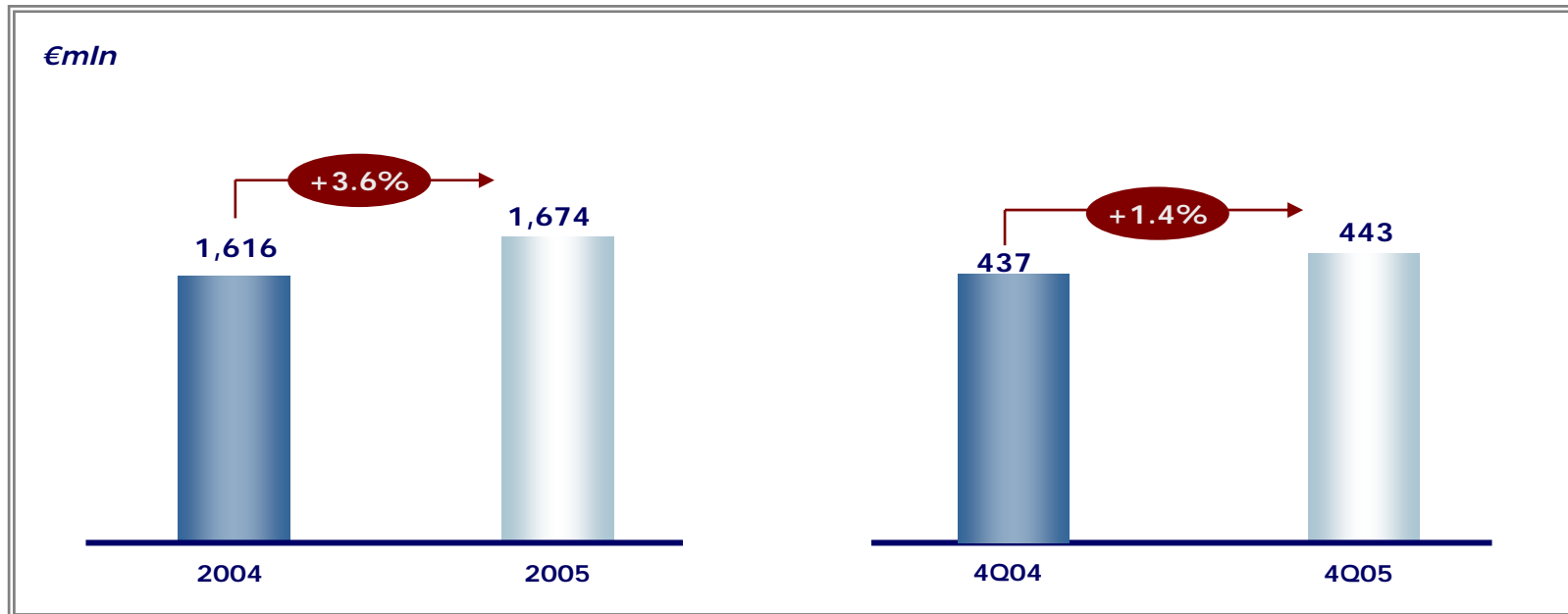
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BNL Group: Net Interest Income

Improvement in interest income sustained by volume growth in retail and mid-corporate markets which more than offset a moderate contraction in domestic spreads

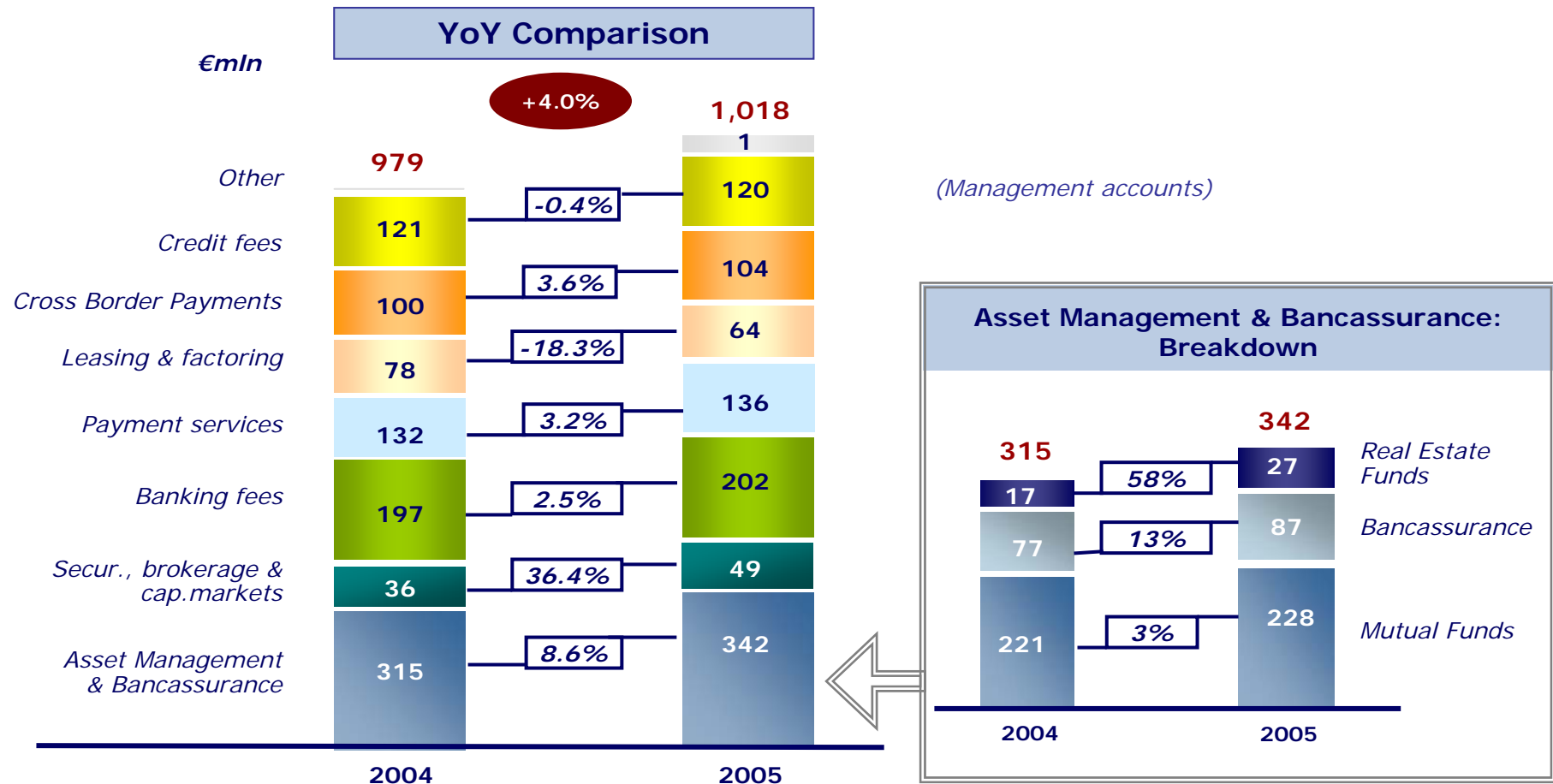


In accordance with the most recent Bank of Italy directives, Interest Income does not include the adjustment from time value reserve for provisions for risks and on impaired loans.

The impact of IAS 32-39 in the year is marginal (-6€mln)

BNL Group: Net Commissions

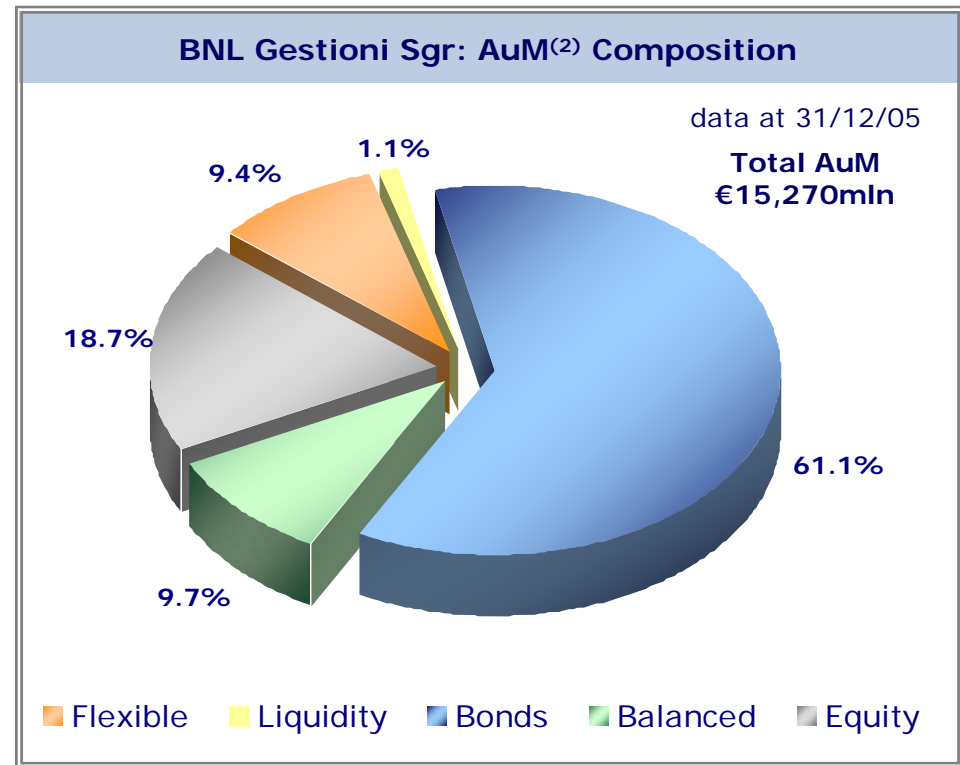
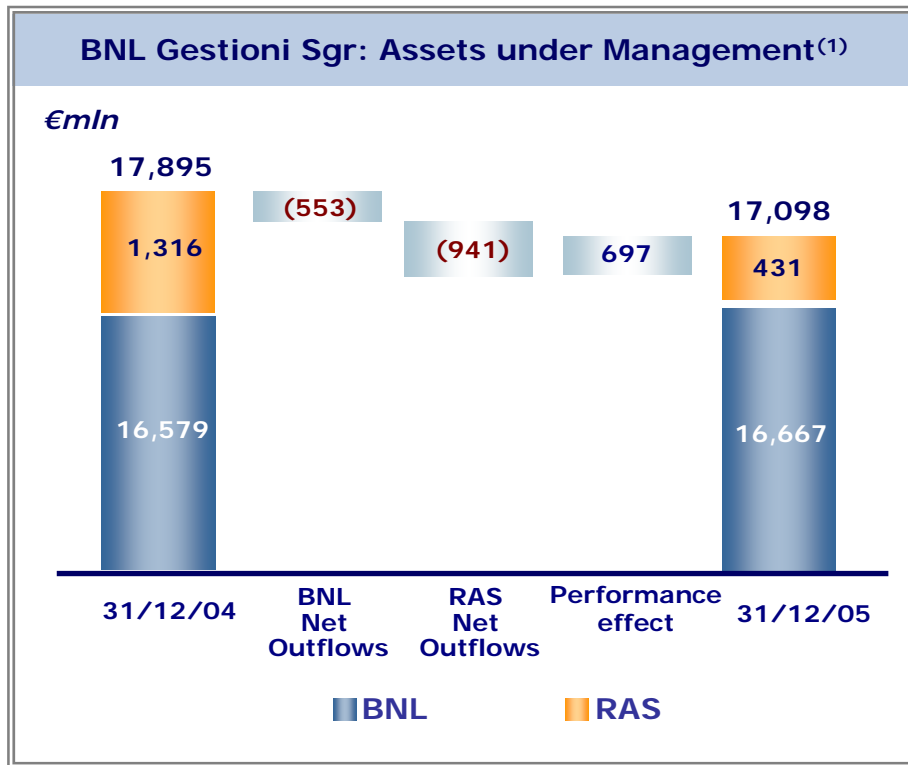
Main drivers in improving commission income have been brokerage and banking fees together with asset management and bancassurance



The impact of IAS 32-39 in the year is not significant (+5.6€mln)

BNL Group: Asset Management

Net of RAS outflows (mostly completed), performance outweighs outflows contributing to an increase in BNL's AuM in the year

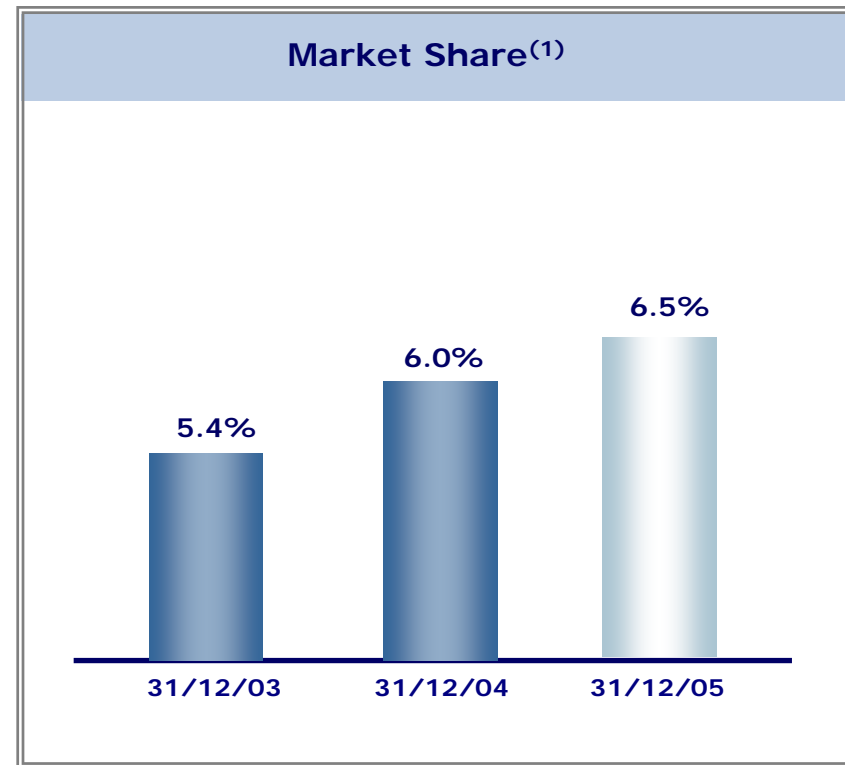
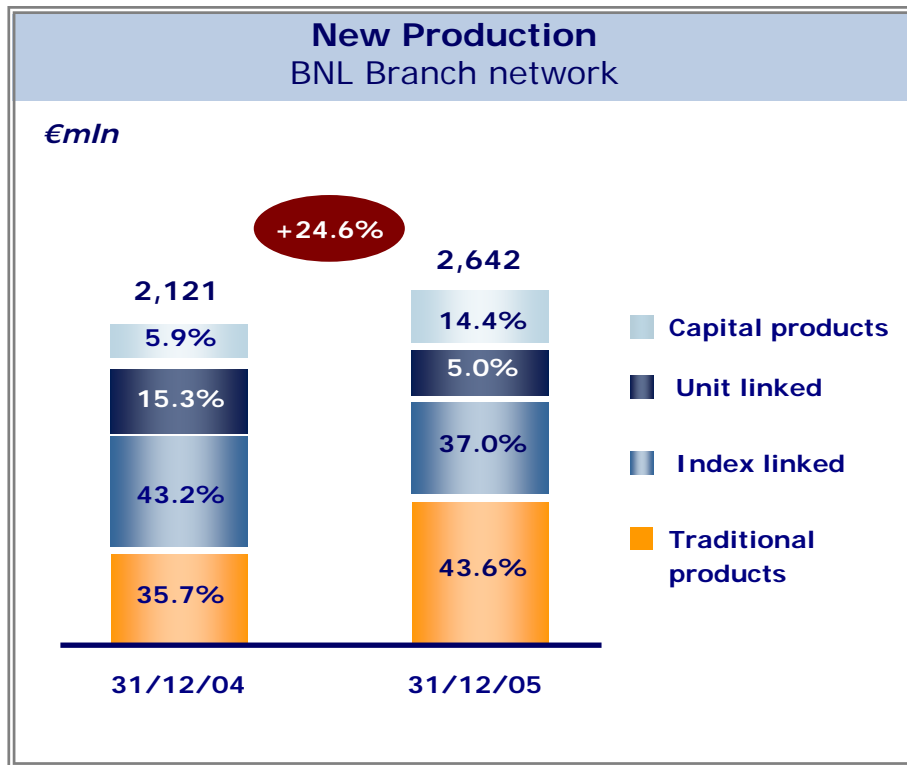


(1) Includes Mutual Funds, SICAV and Portfolio Management accounts excluding institutional clients

(2) Includes Mutual Funds and SICAV only

BNL Group: Bancassurance

- BNL branch network's new production increases by 25% at €2.6bln driven by traditional and capital products
- Consistent improvement in market share now at 6.5%⁽¹⁾



BNL Vita's technical reserves amount to ~ €9.6bln (+23% YoY)

1) Internal estimates calculated on banking and postal branch networks

BNL Group: Real Estate Investment Trusts

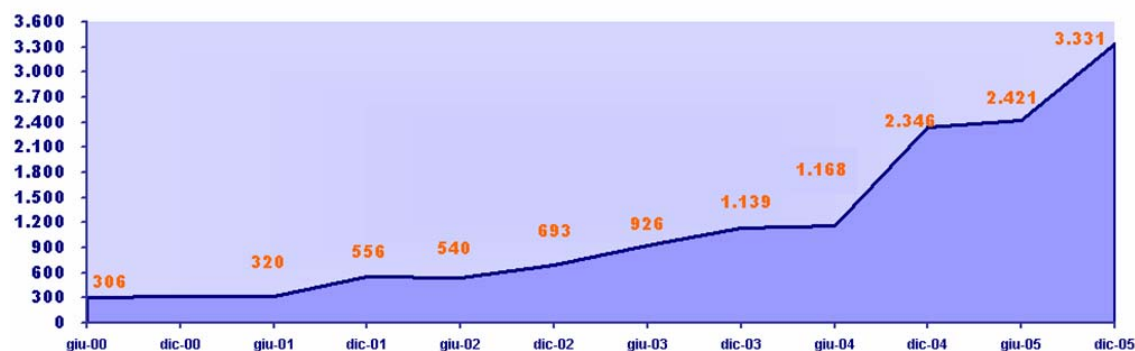
- Confirmed growth trend in AUM of BNL Fondi Immobiliari
- Consolidating market leading position with €3.3bln of AUM (+42% YoY)

Market share: **18.5%**⁽¹⁾

(1) Source: Internal estimates based on Assogestioni data

ASSETS UNDER MANAGEMENT - Growth trend

giu-00	dic-00	giu-01	dic-01	giu-02	dic-02	giu-03	dic-03	giu-04	dic-04	giu-05	dic-05
305,7	313,6	319,8	555,5	540,0	693,1	926,3	1.138,9	1.168,4	2.346,0	2.421,3	3.330,6

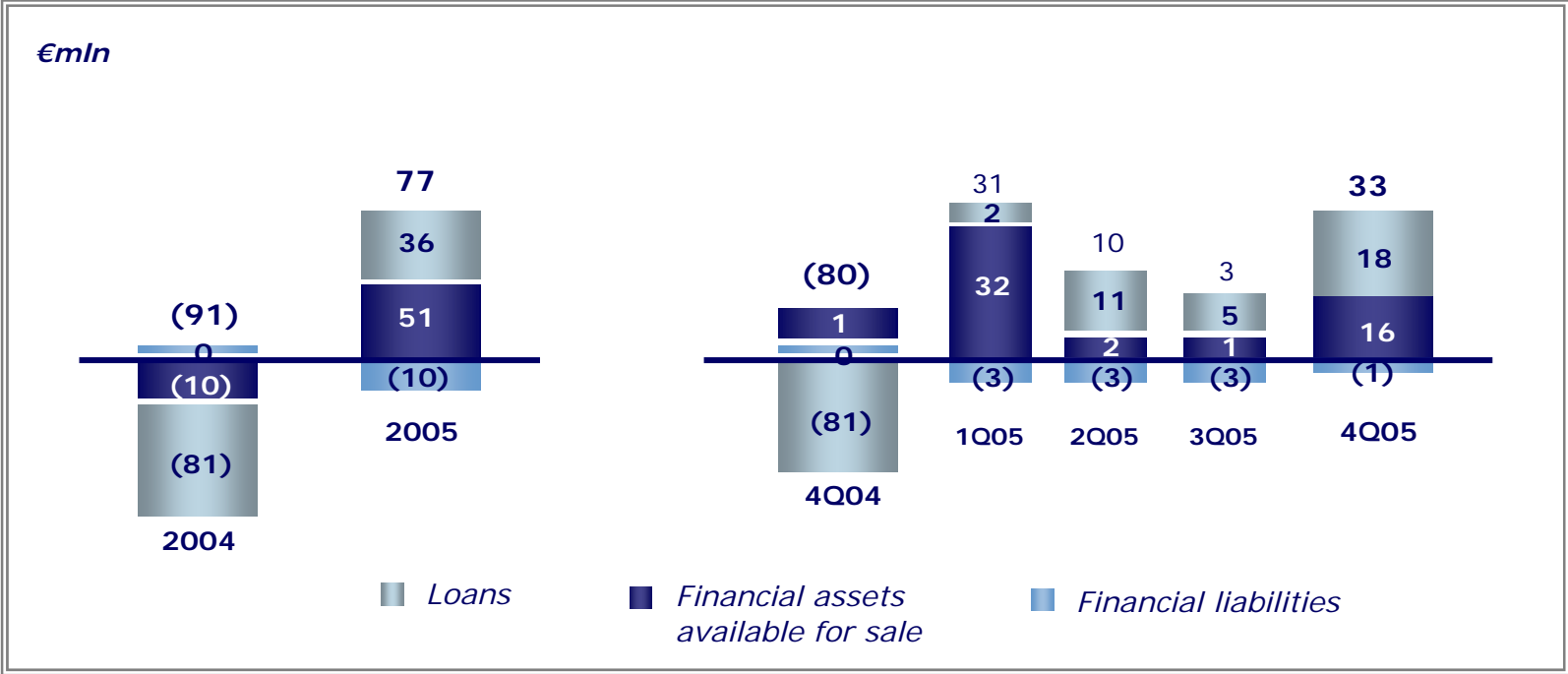


ASSETS UNDER
MANAGEMENT
at 31/12/2005

BNL Portfolio Immobiliare	522	
Portfolio Immobiliare Crescita	316	
Estense-Grande Distribuzione	268	
Lazio	105	3,331
Immobiliare Dinamico	134	(€mln)
Italian Business Hotels	13	
Patrimonio Uno	745	
Delegation agreements	1,227	

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

All loan sales completed in the year have generated a positive impact on the income statement



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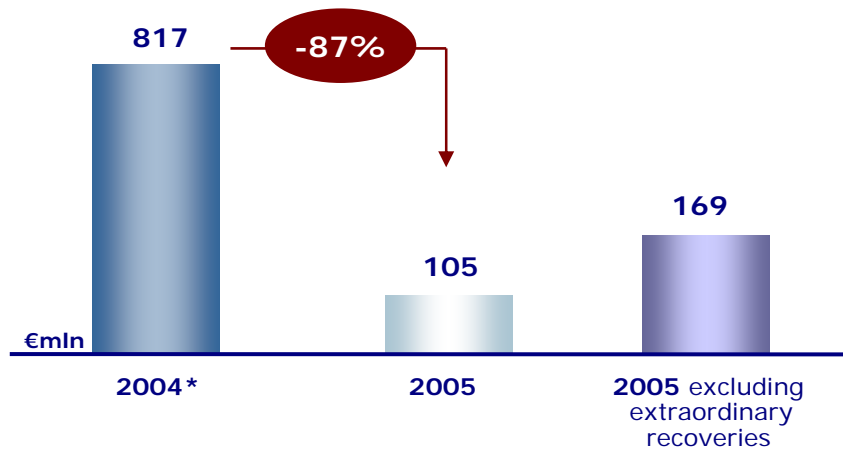
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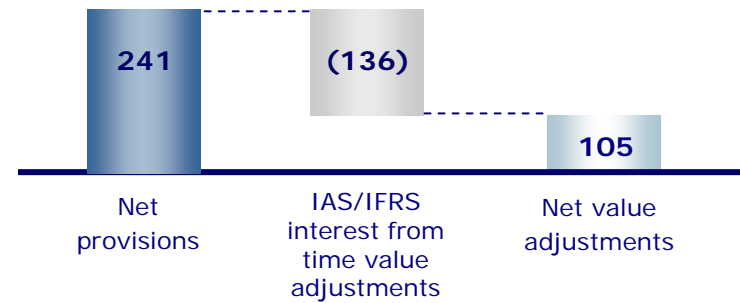
BNL Group: Cost of Credit

Sizeable reduction in cost of credit also allowing for one-off recoveries

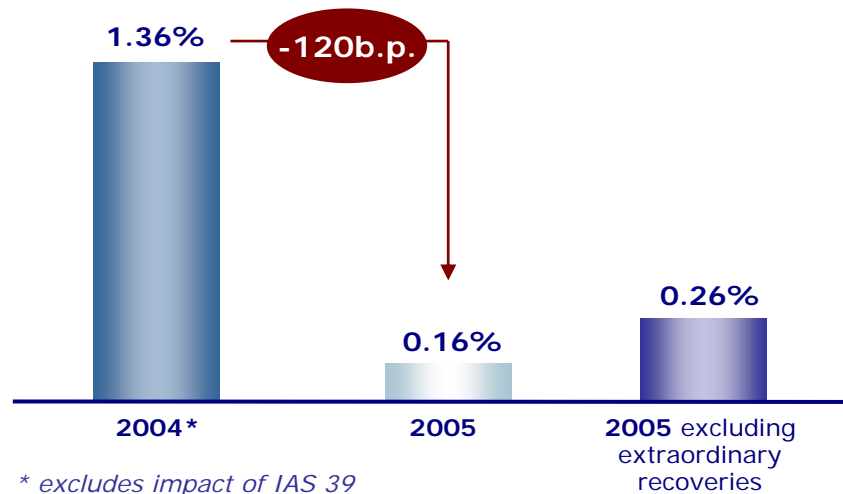
NET VALUE ADJUSTMENTS ON LOANS



NET VALUE ADJUSTMENTS ON LOANS (2005 DYNAMICS)



% OF CUSTOMERS LOANS

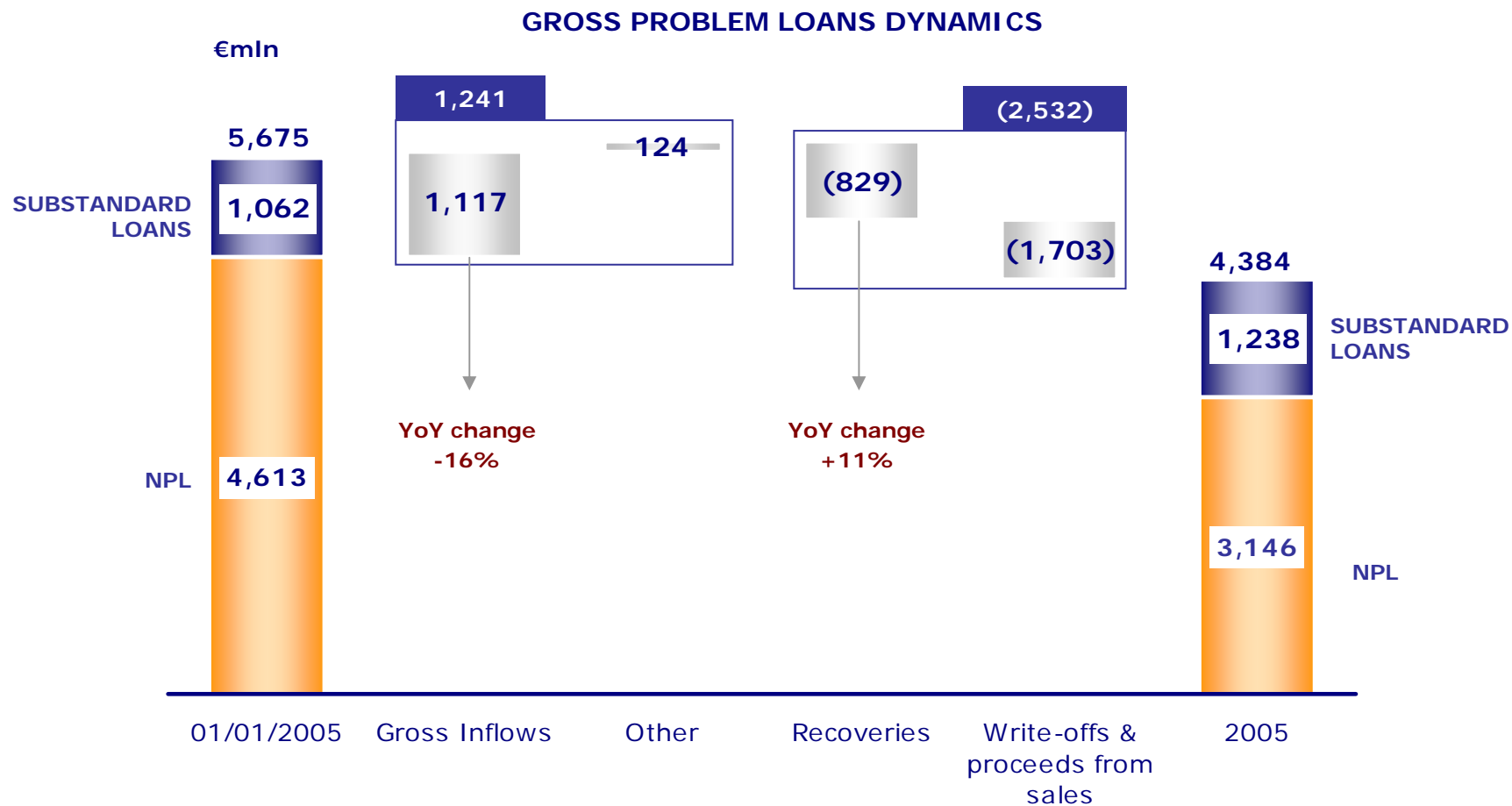


2005 value adjustments on loans benefit from one-off recoveries of provisions against Fiat *convertendo* and Argentina credit exposure (€64mln)

* excludes impact of IAS 39

BNL Group: Asset Quality

Improved recovery ability coupled with significant sales of NPLs lead to a 23% reduction in gross problem loans



BNL Group: Sales of Problem Loans

Improved asset quality confirmed by gains from sales finalized in 2005

Gross Asset Value		Impact on Income Statement
€174mIn* (finalized on 18/02/2005)	Sale without recourse of ~23,000 retail short-term credits	~€2mIn gain
€287mIn* (finalized on 28/06/2005)	Sale without recourse of >18,000 retail and corporate credits (mortgages and unsecured)	~€12mIn gain
€927mIn* (finalized on 30/12/2005)	Sale without recourse of >420 corporate credits (mortgages and unsecured)	~€12mIn gain

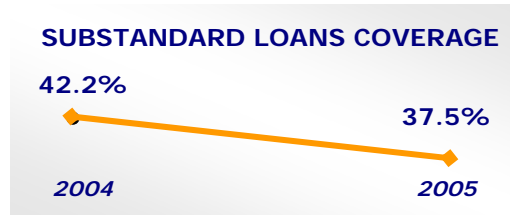
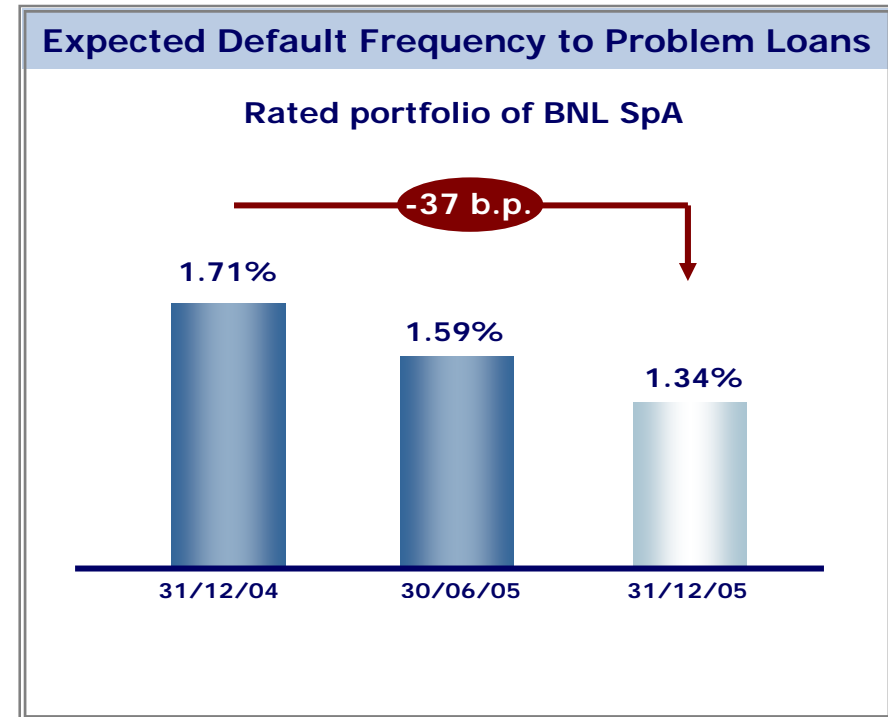
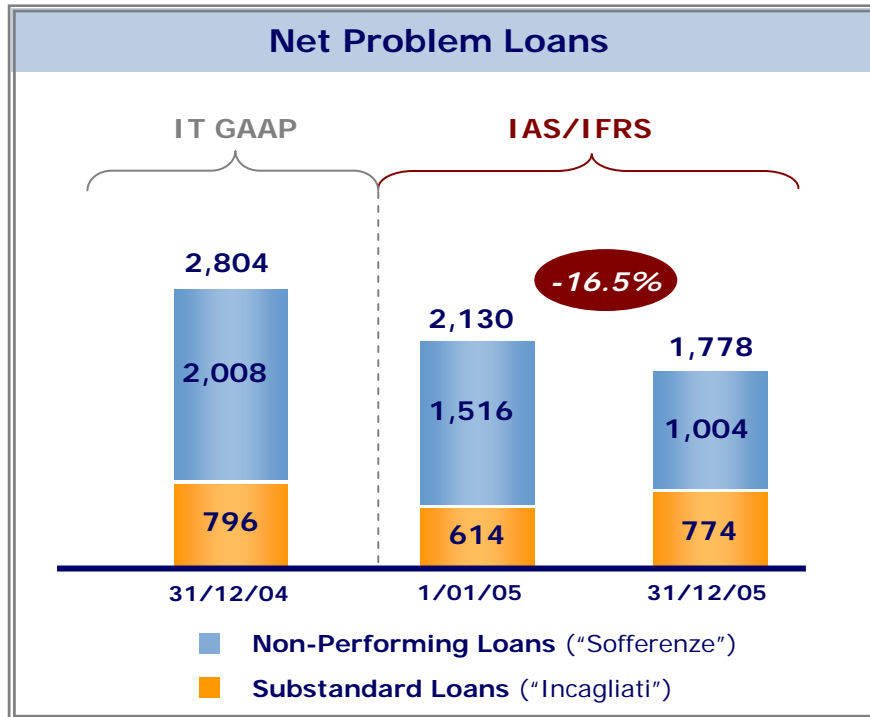
Gross problem loans reduced by ~€1.4bIn in the year

Drastically lowered number of outstanding problem loans positions

* Amounts refer to actual balances sold

BNL Group: Asset Quality

- ❑ Improvement in net balances resulting from one-third reduction in NPLs
- ❑ Marked improvement in rated loan book quality



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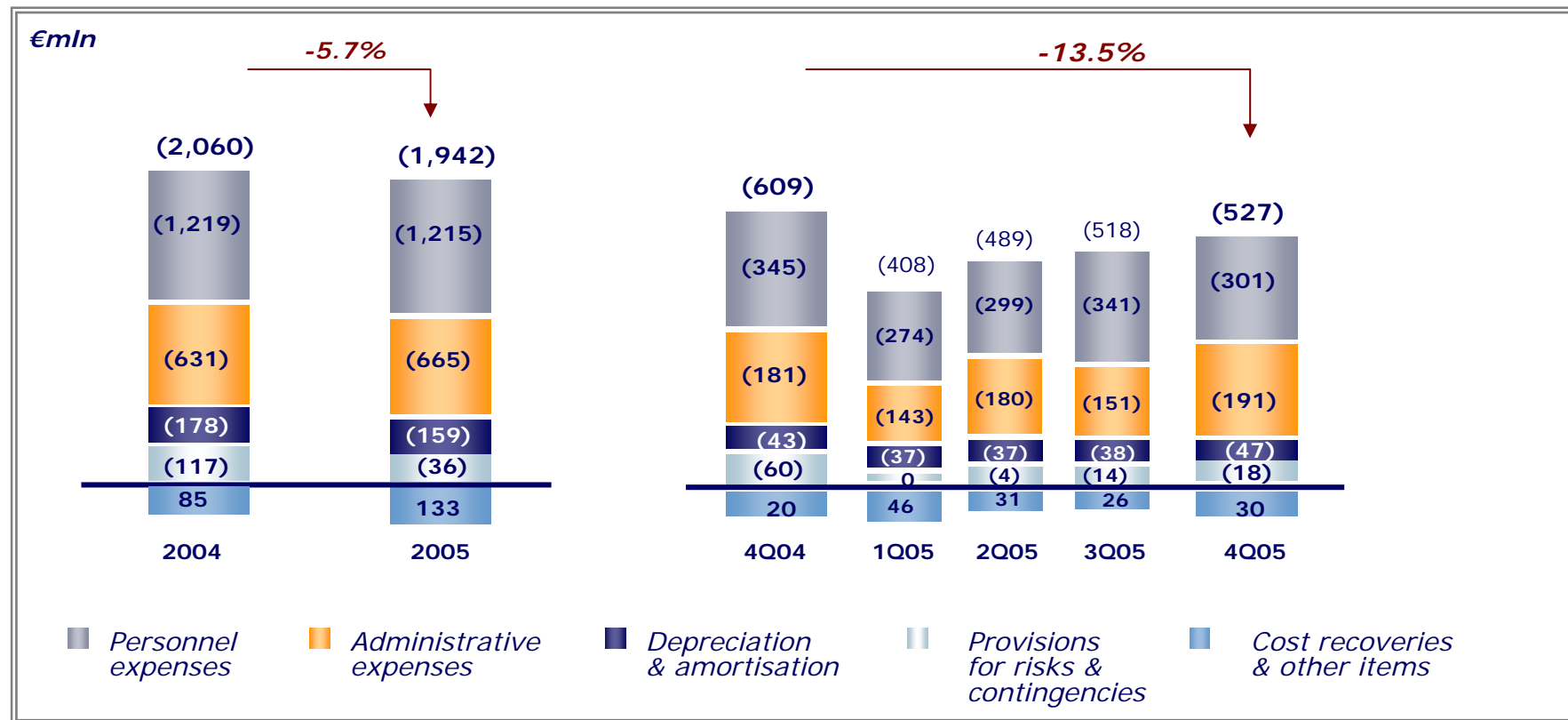
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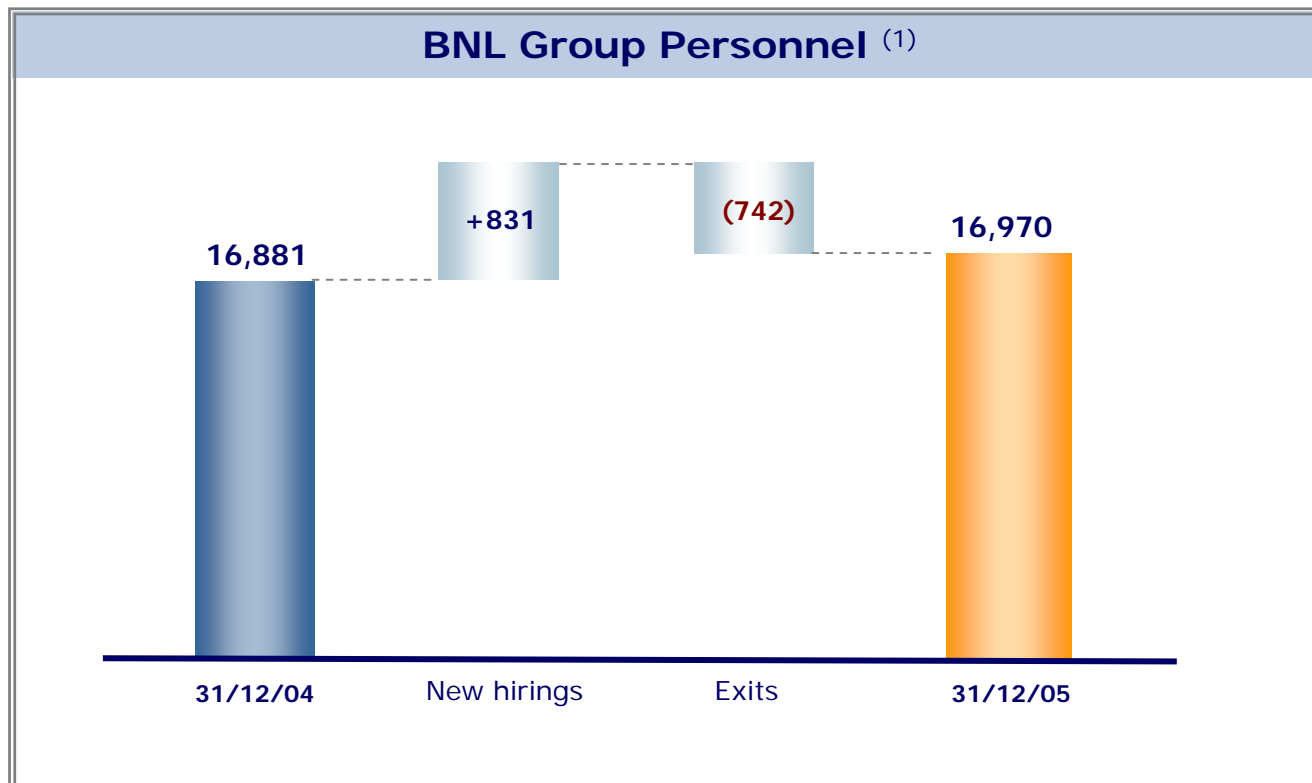
BNL Group: Operating Costs

- ❑ Cost control policy underpinned by stable personnel costs
- ❑ Administrative costs impacted by one-off charges related to offers on the Bank's capital and advertising campaign
- ❑ Lower provisions for risks and higher cost recoveries contribute to a significant reduction in total operating costs



BNL Group: Personnel

- ❑ Significant personnel turnover with a net increase of 89 in the year
- ❑ New hirings allow strengthening of commercial distribution network



⁽¹⁾ Data exclude 2,042 resources operating in Argentina

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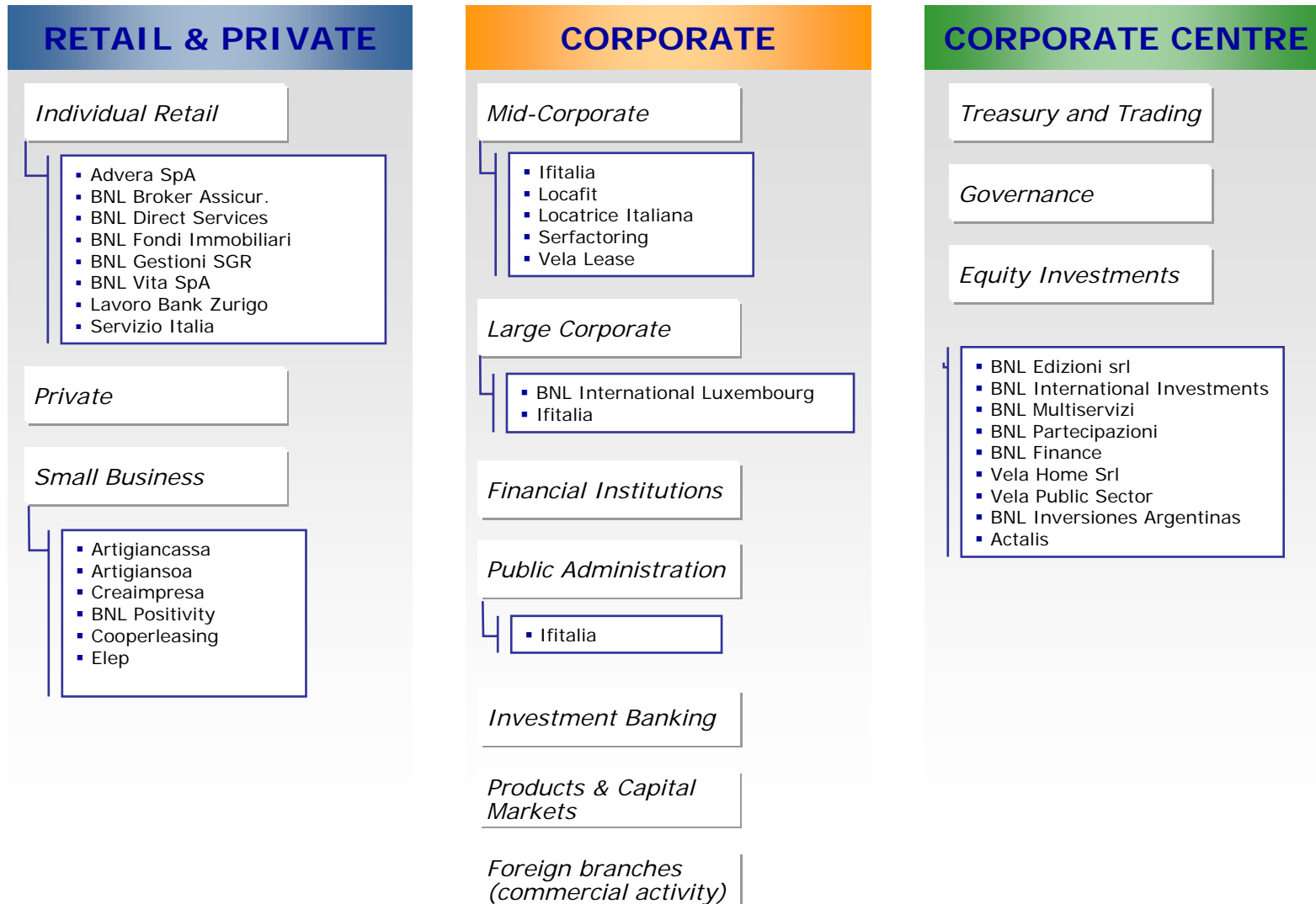
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Divisional Analysis: Business Areas Composition



Divisional Analysis: Segment Reporting

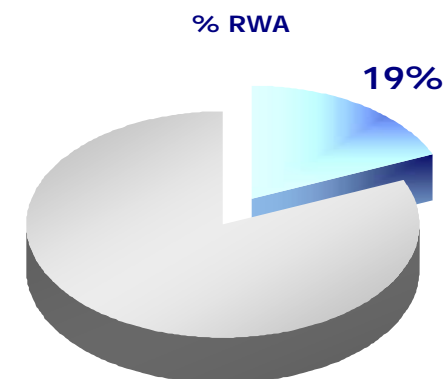
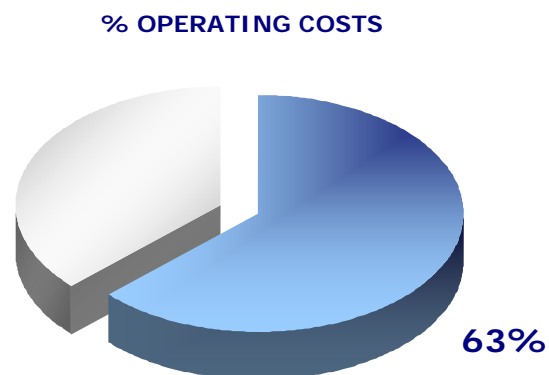
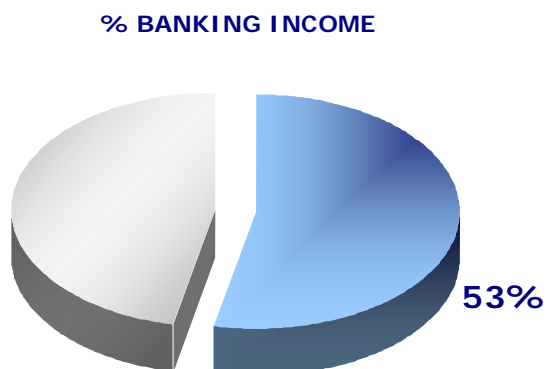
	RETAIL	CORPORATE	CORPORATE CENTRE	TOTAL
NET INTEREST INCOME	788	779	107	1,674
Other net revenues	749	423	31	1,203
BANKING INCOME	1,537	1,202	138	2,877
Net value adjustments for impairment of loans and financial assets	(96)	(85)	70	(111)
Net provisions for risks and contingencies	(4)	(20)	(12)	(36)
Operating costs	(1,203)	(401)	(302)	(1,906)
Profit (loss) of investments carried out at net value and sale of investments	22	-	-	22
PROFIT (LOSS) BEFORE TAX	256	696	(106)	846
Tax for the period	(112)	(346)	105	(353)
Profit/loss after tax from non-current assets held for sale	-	-	40	40
Profit (loss) attributable to minority interests	(1)	-	-	(1)
NET PROFIT FOR THE PERIOD	143	350	39	532
COST INCOME RATIO	78.3%	33.4%	n.s.	66.3%
COST INCOME RATIO ADJUSTED ⁽¹⁾	74.6%	31.7%	n.s.	63.3%
RWA	12,784	40,532	15,053	68,369
RORAC	17.4%	13.4%	4.0%	12.1%

(1) adjusted to include under income the interest from the time value adjustment on impaired loans provisions.

Divisional Analysis: Retail & Private Division

	2005
Banking income (€mIn)	1,537
Net value adjustments (€mIn)	(96)
Operating costs (€mIn)	(1,203)
Net profit (€mIn)	143
Banking income (YoY change)	+4.1%
Operating costs (YoY change)	+2.2%

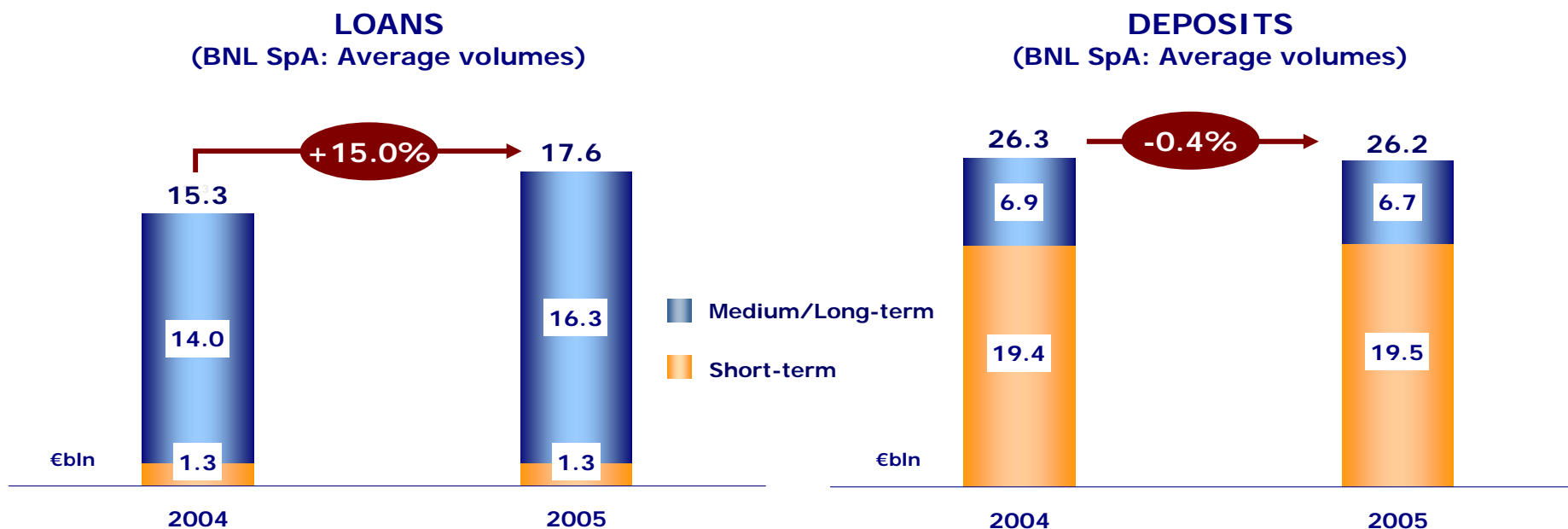
	2005
Loans to Customers (€mIn)	22,993
Deposits from Customers (€mIn)	31,806
RWA (€mIn)	12,784
RORAC	17.4%



■ Retail & Private

Retail & Private Division: Individuals and Private

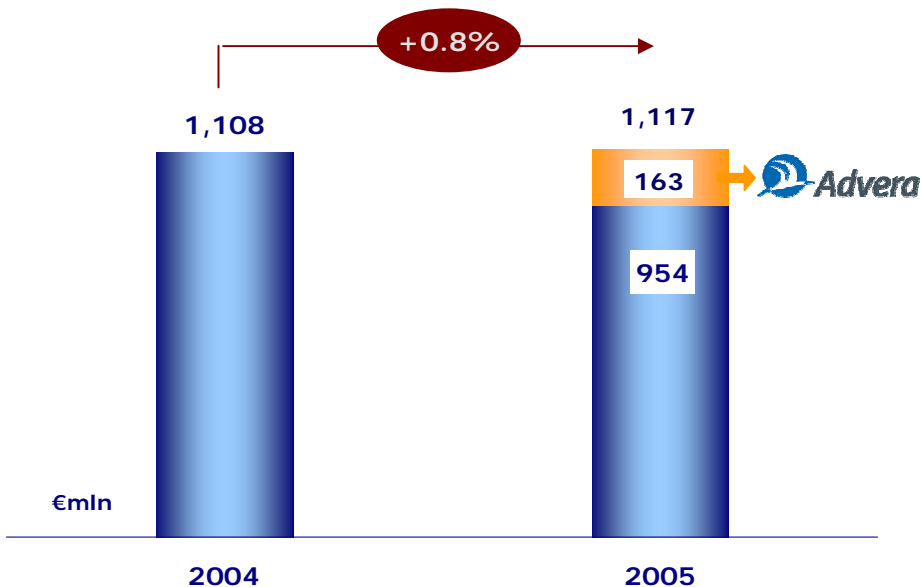
- Increase in lending activity centred on medium/long-term component
- Stable deposits with a re-composition towards short-term
- Slight contraction in spreads driven by reduction in mark-up partly compensated by recovery in mark-down



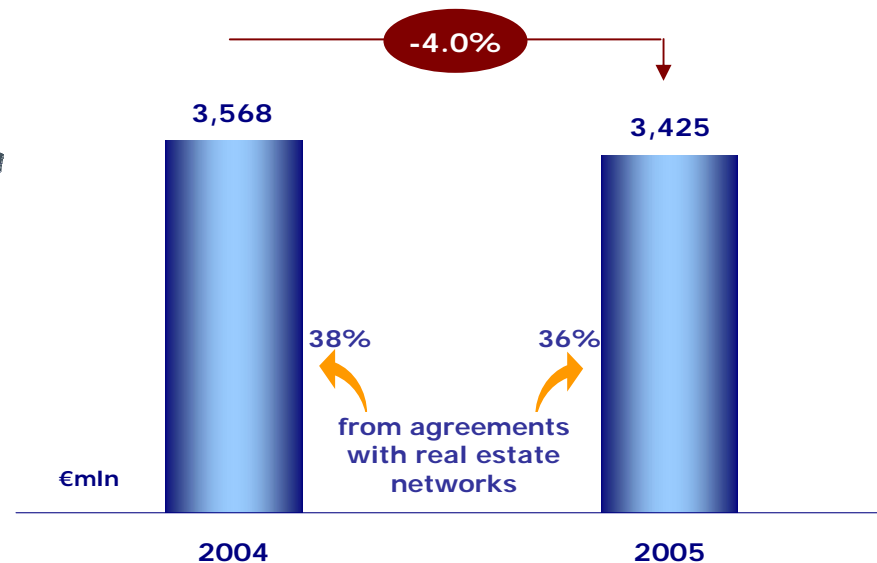
Divisional Analysis: Retail Lending

- ❑ Retail lending new production in the year of €4.4bln with an increasing fee based contribution resulting from related insurance policies
- ❑ Significant level of retail mortgage activity confirmed

PERSONAL LOANS & CONSUMER FINANCE
New Production



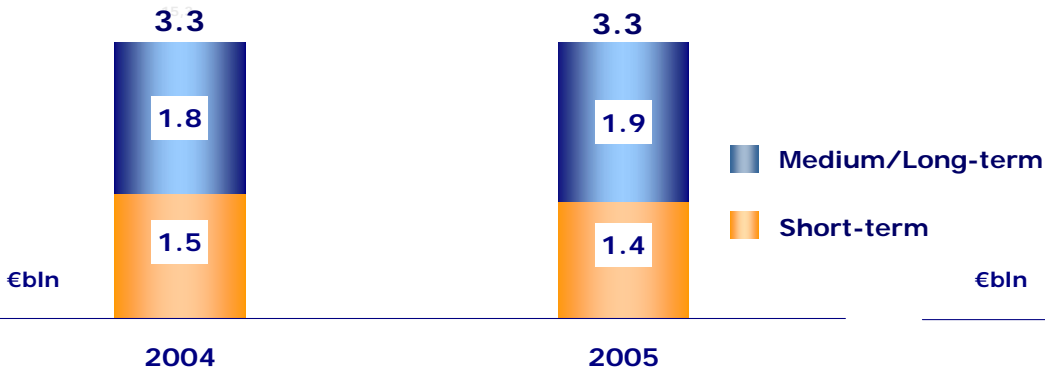
RETAIL MORTGAGES
New Production



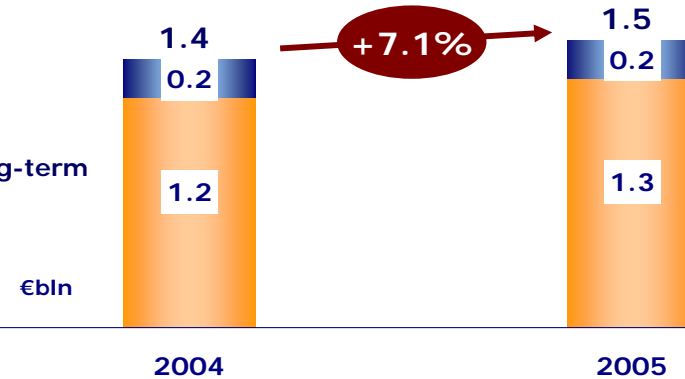
Retail & Private Division: Small Business

Stability in balances with a continuing improvement in the loan book quality

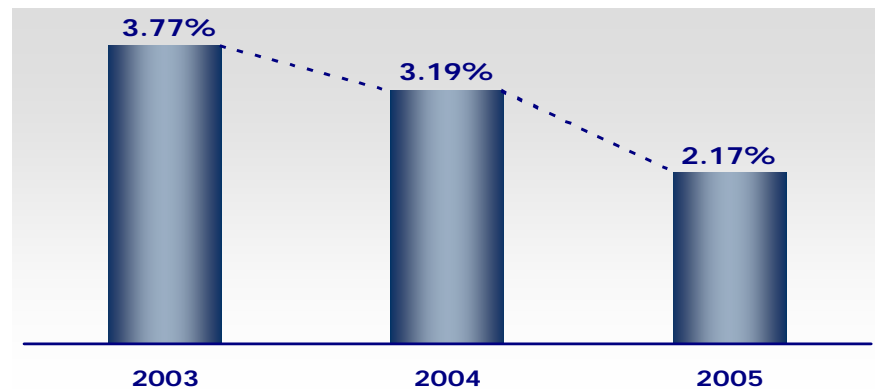
LOANS
(BNL SpA: Average volumes)



DEPOSITS
(BNL SpA: Average volumes)



AVERAGE EDF*

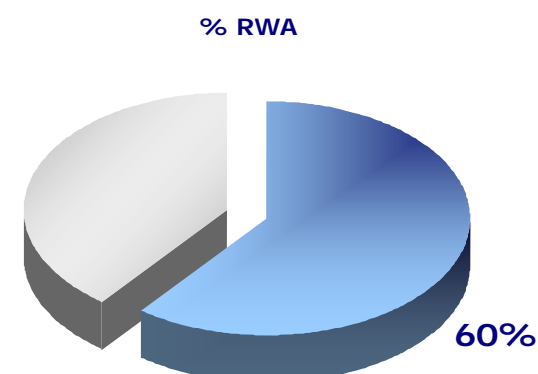
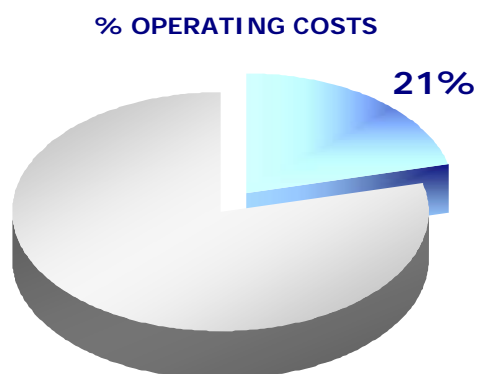
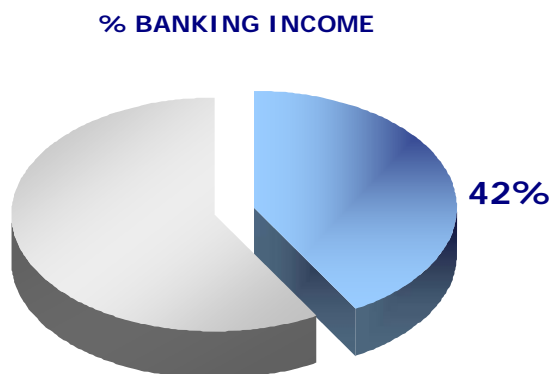


* Expected Default Frequency

Divisional Analysis: Corporate Division

	2005
Banking income (€mln)	1,202
Net value adjustments (€mln)	(85)
Operating costs (€mln)	(401)
Net profit (€mln)	350
Banking income (YoY change)	+7.6%
Operating costs (YoY change)	-7.4%

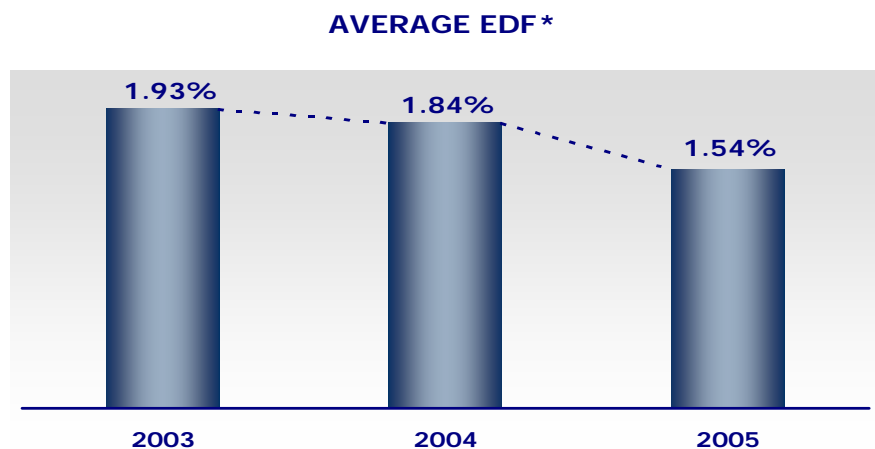
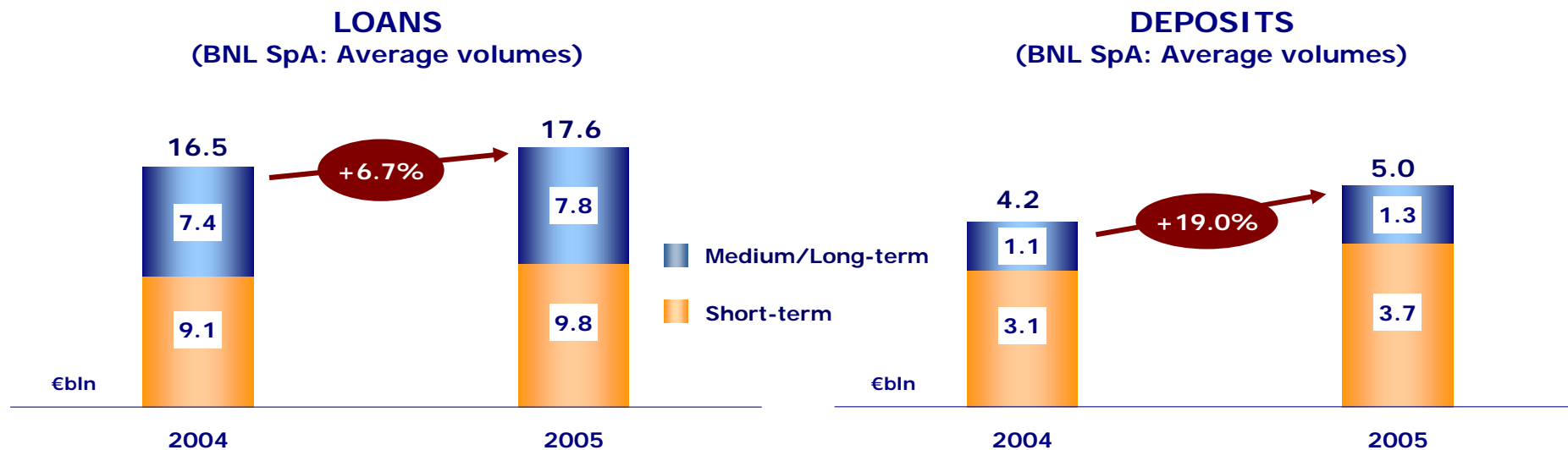
	2005
Loans to Customers (€mln)	40,420
Deposits from Customers (€mln)	17,278
RWA (€mln)	40,532
RORAC	13.4%



■ Corporate

Corporate Division: Mid-Corporate

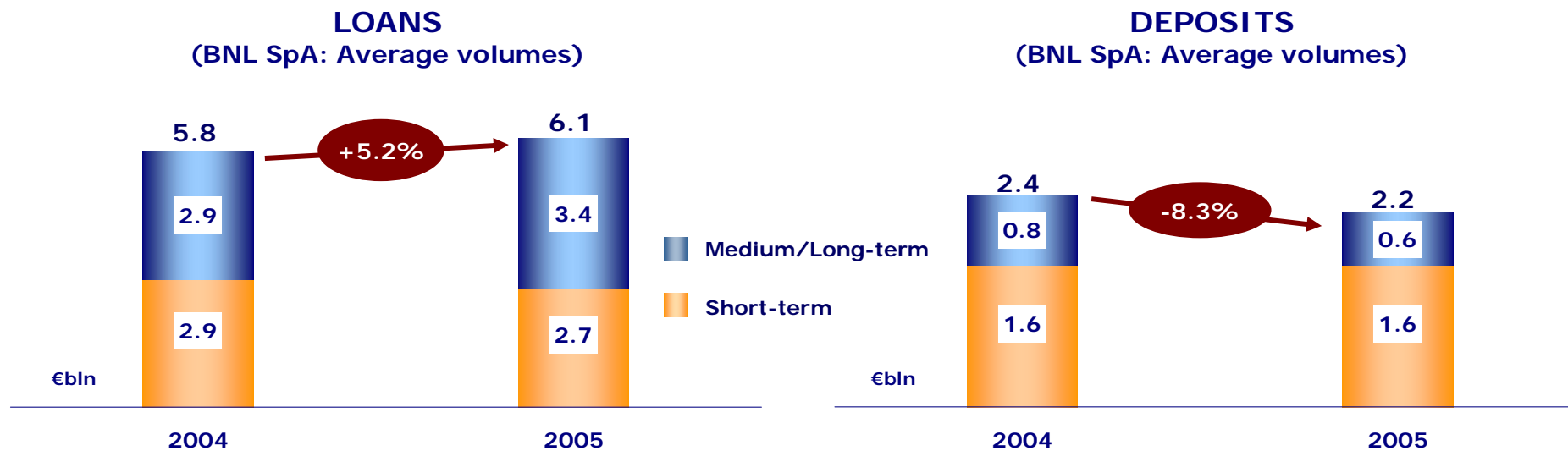
- Significant increase in lending activity across maturities coupled with a further improvement in the loan quality
- Deposit growth mainly in the short-term component



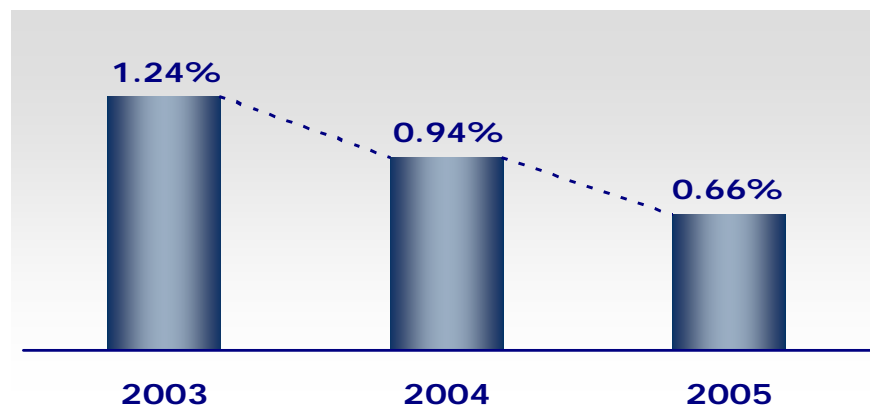
* Expected Default Frequency

Corporate Division: Large Corporate

- Activity centred on medium/long-term component with increasing lending and contained contraction in deposits
- Risk profile of loan book nearly halved over the past two years



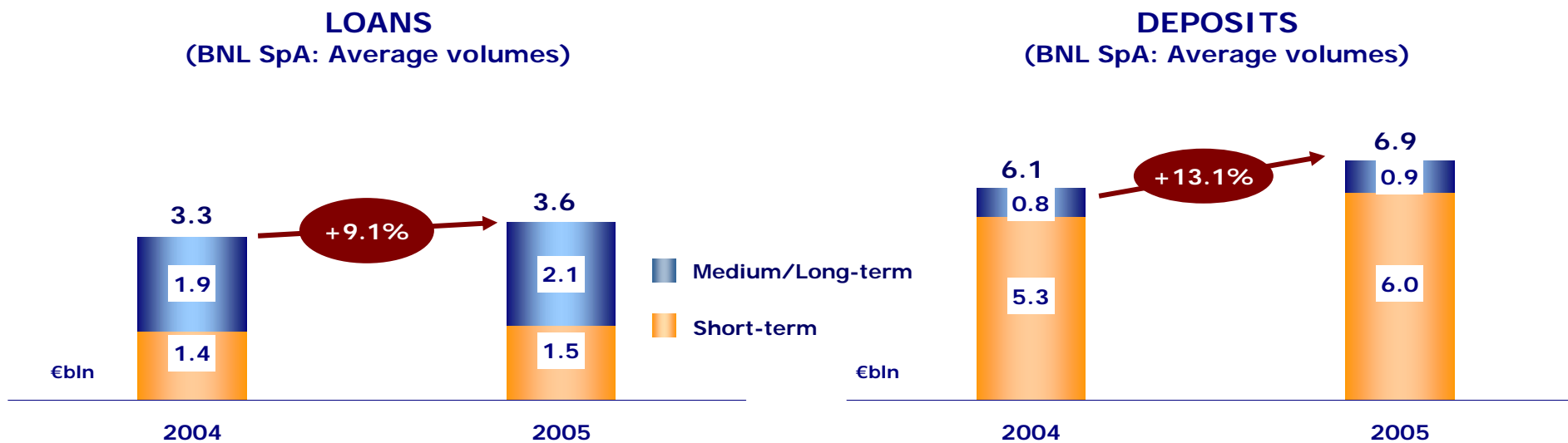
AVERAGE EDF *



* Expected Default Frequency

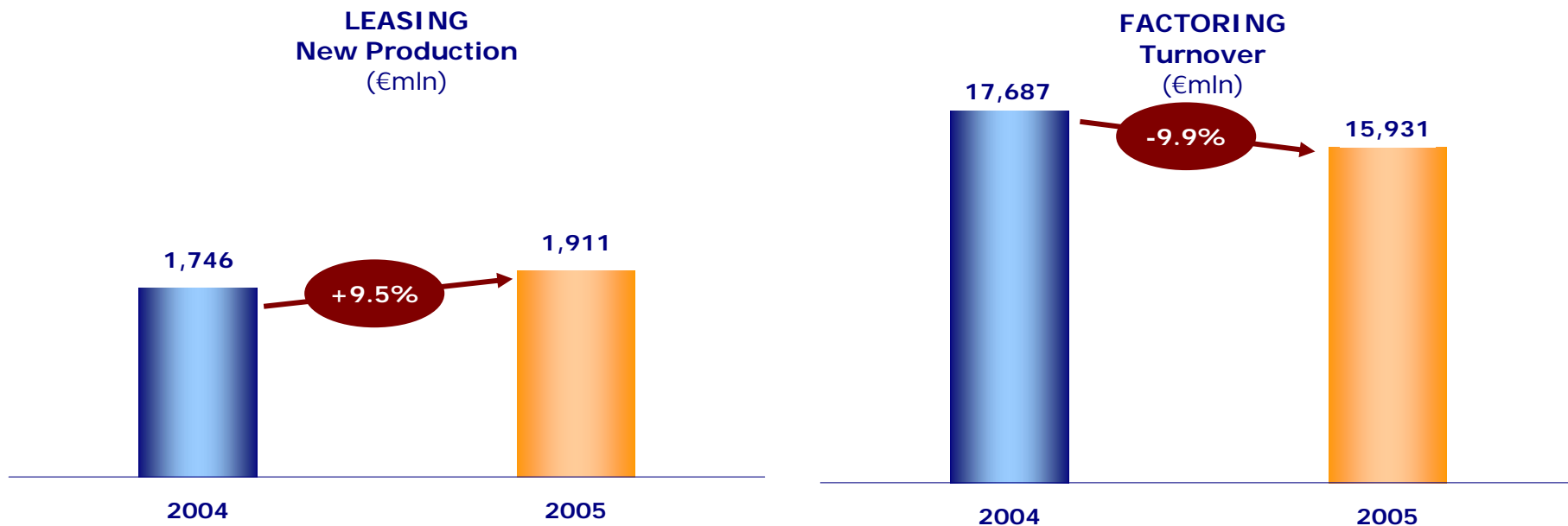
Corporate Division: Public Administration

- Increase in lending particularly in medium/long-term component
- Deposit growth mainly concentrated in the short-term



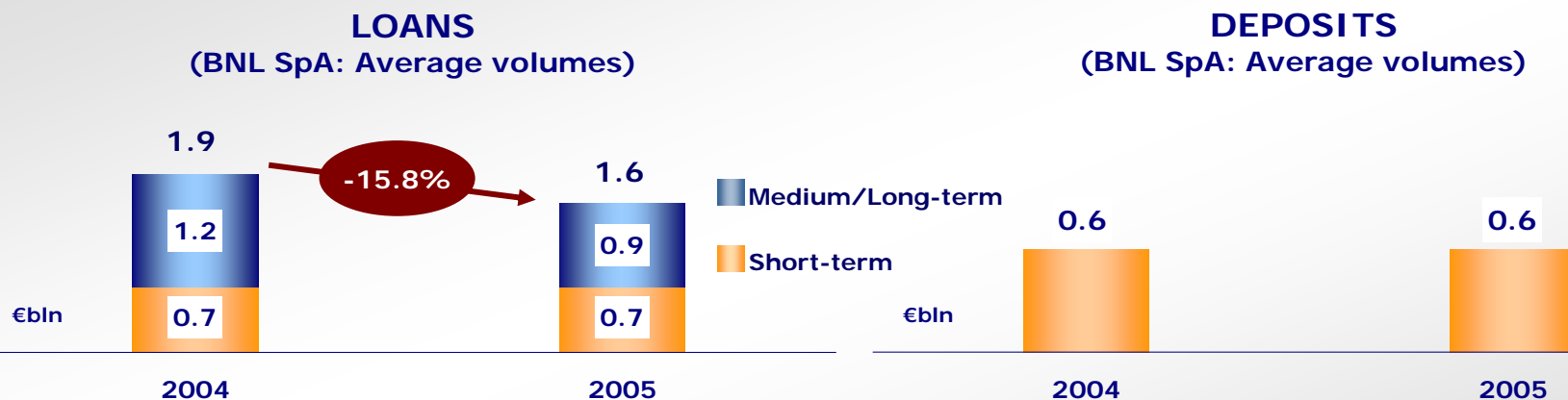
Divisional Analysis: Corporate Lending

- ❑ Increase in leasing activity mainly on core business with an increase in market share
- ❑ Decrease in factoring driven by reduction in risk concentration and focus on value creation



Corporate Division: International Activities

INTERNATIONAL CORPORATE



REVIEW OF FOREIGN NETWORK FOCUSED ON ASSISTING ITALIAN-RELATED COMPANIES

- Redefinition of Representative Offices' mission
- Fine-tuning geographical presence

CONTAINING INTERNATIONAL CORPORATE RISK PROFILE

- portfolio re-composition towards Italian-related activity
- reduction of committed lines

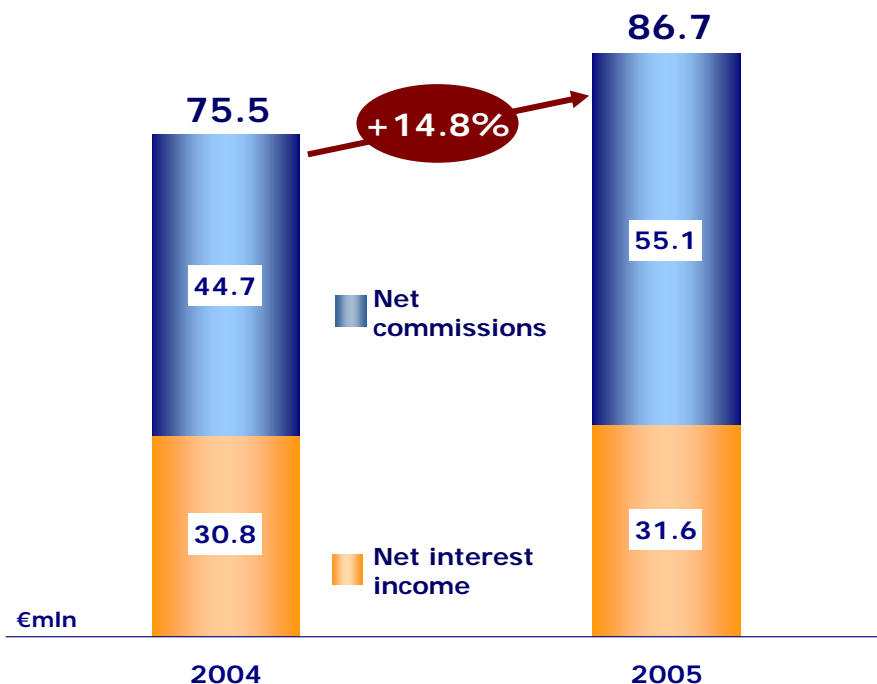
INTERNATIONAL BANKING

DEVELOPMENT OF CORRESPONDENT BANKING ACTIVITY

- 1,954 foreign correspondents in 166 countries
- volumes transacted: €22bln (70% with foreign banks)
- co-operation agreements
 - China (Bank of China)
 - India (ICICI Bank)
 - Brazil (Italian desk with Unibanco S.A.)
 - Turkey (Garanti Bank)
 - Eastern Europe (Raiffeisen International)

Corporate Division: Investment Banking

BANKING INCOME*



* Income already included under profitability of business areas

WIDENING AND STRENGTHENING ORIGINATION CHANNELS

ACQUISITION & ASSET FINANCE

43 mandates (32 in 2004) as Mandated Lead Arranger or similar leading roles

PROJECT FINANCE

29 mandates (17 in 2004) as Mandated Lead Arranger, Project Finance Adviser or similar leading roles

LOAN SYNDICATION

104 mandates (75 in 2004) as lead arranger and sole book-runner or similar leading roles

M&A AND FINANCIAL ADVISORY

9 mandates

EQUITY CAPITAL MARKETS

- 14 guarantee and placement syndicate groups
- 3 guarantee syndicate groups for capital rights issues

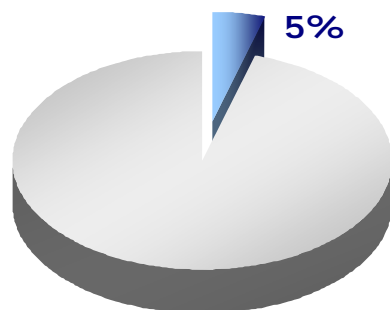
Divisional Analysis: Corporate Centre

	2005
Banking income (€mIn)	138
Net value adjustments (€mIn)	70
Operating costs (€mIn)	(302)
Net profit (€mIn)	39
Banking income (YoY change)	+20.0%
Operating costs (YoY change)	-9.3%

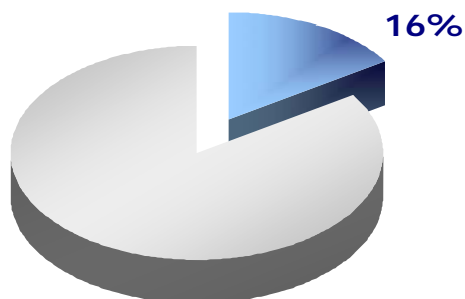
	2005
Total Loans (€mIn)	6,859
Financial Assets (€mIn)	8,586
Total Deposits* (€mIn)	20,560
RWA (€mIn)	15,053
RORAC	4.0%

* Include deposits from banks, ABS issued and securities placed with institutional counterparties

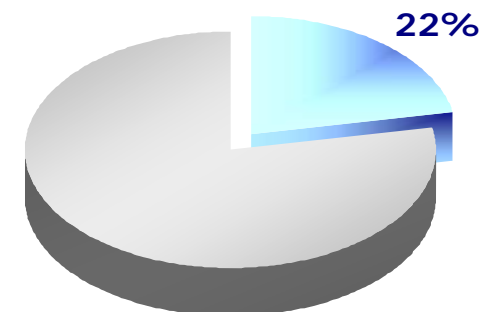
% BANKING INCOME



% OPERATING COSTS



% RWA



■ Corporate Centre

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Appendix

Outlook for 2006

The scenario for 2006 at domestic and European level leads to positive expectations for the profitability trend of BNL Group and its ability to continue the growth phase seen in 2005.

The key areas of action for 2006 – aimed at improving profitability whilst safeguarding risk profile and operating efficiency – are the following:

- focusing on the commercial development of the domestic market;
- strengthening the commercial distribution ability through a renewal of the offer models, an increase of front-office resources and an organisational fine-tuning;
- leveraging on products with higher value-added for clients and where the Group has a relevant competitive position: mortgages, personal loans, bancassurance, corporate lending (traditional and innovative), leasing and factoring.

These lines of action are expected to generate an increase in banking income, further sustained by continuing attention to asset quality through ordinary (lower loan book risk profile and better credit recovery) and extraordinary initiatives (possibility of selected sales of NPLs, on a lesser scale than in the past, based on a rigorous cost-benefit logic).

Focus on the efficiency profile and on controlling the cost structure (expected to increase slightly) shall continue with the emphasis on expenses and investments on business requirements and specific commercial projects.

The operating trend and the finalization of one-off transactions, completing the asset repositioning on the domestic market, should set the base for further improvement in the net result

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■ ***Appendix***

BNL Group: 2005 Income Statement

<i>€mln</i>	2005 IAS/IFRS	2004 Restated(1)	% change
NET INTEREST INCOME	1,674	1,616	3.6
Net commissions	1,018	979	4.0
Dividend on equity investments	14	14	0.0
Net result and dividends from trading, hedging and fair value option	94	189	(50.3)
Profit (loss) on sale/purchase of loans and other financial assets	87	(91)	n. s.
Profit (loss) on repurchase of other financial liabilities	(10)	-	n. s.
NET INTEREST AND OTHER BANKING INCOME	2,877	2,707	6.3
Net value adjustments for impairment of loans and receivables	(105)	(817)	(87.1)
Net value adjustments for impairment of other financial assets	(6)	(28)	(78.6)
NET RESULT OF FINANCIAL ACTIVITIES	2,766	1,862	48.5
Administrative expenses	(1,880)	(1,850)	1.6
<i>a) personnel expenses</i>	<i>(1,215)</i>	<i>(1,219)</i>	<i>(0.3)</i>
<i>b) other administrative expenses</i>	<i>(665)</i>	<i>(631)</i>	<i>5.4</i>
Net provisions for risks and contingencies	(36)	(117)	(69.2)
Net write-downs/write-backs on tangible assets	(51)	(56)	(8.9)
Net write-downs/write-backs on intangible assets	(108)	(122)	(11.5)
Other operating income/expenses	133	85	56.5
OPERATING COSTS	(1,942)	(2,060)	(5.7)
Profit (loss) on equity investments	22	34	(35.3)
Profit (loss) from sale of investments and goodwill impairment	-	-	
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	846	(164)	n. s.
Tax for the period	(353)	(69)	n. s.
Net profit (loss) after tax of non-current assets held for sale	40	73	(45.2)
Net profit (loss) attributable to minority interests	(1)	(4)	(75.0)
NET PROFIT (LOSS)	532	(164)	n. s.

(1) Restated according to IAS/IFRS, with the exclusion of IAS 32 and 39.

BNL Group: Balance Sheet

<i>€mln</i>	31/12/2005 IAS/IFRS	01/01/2005 Restated(1)	% change
ASSETS	89,090	81,459	9.4
Cash and cash equivalents	471	460	2.4
Loans and receivables to banks	8,131	6,454	26.0
Loans and receivables to customers	64,288	60,236	6.7
Financial assets held for trading, carried at f.v., AFS and HTM	8,839	5,468	61.6
Hedging derivatives	187	130	43.8
Change in value of financial assets recorded as part of a macrohedge	284	302	(6.0)
Equity investments	155	141	9.9
Tangible and intangible assets	2,558	2,583	(1.0)
Non current assets held for sale and discontinued operations	1,279	1,200	6.6
Tax and other assets	2,897	4,484	(35.4)
LIABILITIES AND SHAREHOLDERS' EQUITY	89,090	81,459	9.4
Deposits from banks	13,808	12,310	12.2
Deposits from customers	63,228	57,073	10.8
Financial liabilities - held for trading	1,854	1,155	60.5
Hedging derivatives	393	383	2.6
Change in value of financial liabilities part of a macrohedge	(36)	26	n.s.
Allowances for risks & contingencies and liab. for retirement indemn.	1,128	1,132	(0.4)
Liabilities related to discontinued operations	1,180	1,066	10.7
Tax and other liabilities	2,506	3,867	(35.2)
Shareholders' equity	5,029	4,446	13.1
<i>of which: - Parent Company</i>	<i>4,989</i>	<i>4,343</i>	<i>14.9</i>
<i>- Minorities</i>	<i>40</i>	<i>103</i>	<i>(61.2)</i>

(1) Restated on a full IAS/IFRS compliant basis and fully comparable.

BNL Group: 2005 Quarterly Income Statement

<i>€mln</i>	1 Q 2005	2 Q 2005	3 Q 2005	4 Q 2005
NET INTEREST INCOME	386	432	413	443
Net commissions	243	269	242	264
Dividend on equity investments	0	9	0	5
Net result and dividends from trading, hedging and fair value option	37	14	40	3
Profit (loss) on sale/purchase of loans and other financial assets	34	13	6	34
Profit (loss) on repurchase of other financial liabilities	(3)	(3)	(3)	(1)
NET INTEREST AND OTHER BANKING INCOME	697	734	698	748
Net value adjustments for impairment of loans and receivables	(32)	(56)	10	(27)
Net value adjustments for impairment of other financial assets	(2)	3	2	(9)
NET RESULT OF FINANCIAL ACTIVITIES	663	681	710	712
Administrative expenses	(417)	(479)	(492)	(492)
<i>a) personnel expenses</i>	(274)	(299)	(341)	(301)
<i>b) other administrative expenses</i>	(143)	(180)	(151)	(191)
Net provisions for risks and contingencies	0	(4)	(14)	(18)
Net write-downs/write-backs on tangible assets	(13)	(11)	(12)	(15)
Net write-downs/write-backs on intangible assets	(24)	(26)	(26)	(32)
Other operating income/expenses	46	31	26	30
OPERATING COSTS	(408)	(489)	(518)	(527)
Profit (loss) on equity investments	1	5	6	10
Profit (loss) from sale of investments and goodwill impairment	0	0	1	(1)
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	256	197	199	194
Tax for the period	(120)	(64)	(86)	(83)
Net profit (loss) after tax of non-current assets held for sale	0	6	26	8
Net profit (loss) attributable to minority interests	0	0	(1)	0
NET PROFIT (LOSS)	136	139	138	119

BNL Group: Restated 2004 Quarterly Income Statement

	1 Q 2004 Restated ⁽¹⁾	2 Q 2004 Restated ⁽¹⁾	3 Q 2004 Restated ⁽¹⁾	4 Q 2004 Restated ⁽¹⁾
NET INTEREST INCOME	402	388	389	437
Net commissions	232	236	251	260
Dividend on equity investments	0	6	4	4
Net result and dividends from trading, hedging and fair value option	36	121	24	8
Profit (loss) on sale/purchase of loans and other financial assets	(4)	0	(7)	(80)
Profit (loss) on repurchase of other financial liabilities	0	0	0	0
NET INTEREST AND OTHER BANKING INCOME	666	751	661	629
Net value adjustments for impairment of loans and receivables	(116)	(94)	(103)	(504)
Net value adjustments for impairment of other financial assets	(2)	(8)	(9)	(9)
NET RESULT OF FINANCIAL ACTIVITIES	548	649	549	116
Administrative expenses	(420)	(448)	(456)	(526)
<i>a) personnel expenses</i>	(278)	(301)	(295)	(345)
<i>b) other administrative expenses</i>	(142)	(147)	(161)	(181)
Net provisions for risks and contingencies	(6)	(35)	(16)	(60)
Net write-downs/write-backs on tangible assets	(15)	(14)	(13)	(14)
Net write-downs/write-backs on intangible assets	(30)	(28)	(35)	(29)
Other operating income/expenses	19	35	11	20
OPERATING COSTS	(452)	(490)	(509)	(609)
Profit (loss) on equity investments	3	9	10	12
Profit (loss) from sale of investments and goodwill impairment	0	0	0	0
PROFIT (LOSS) BEFORE TAX FROM CONTINUING OPERATIONS	99	168	50	(481)
Tax for the period	(61)	(105)	(48)	145
Net profit (loss) after tax of non-current assets held for sale	63	(8)	15	3
Net profit (loss) attributable to minority interests	0	(1)	(1)	(2)
NET PROFIT (LOSS)	101	54	16	(335)

BNL Main Ratios

Data at 31/12/2005

EFFICIENCY	COST/INCOME COST/INCOME (adjusted*)	66.3% 63.3%
ASSET QUALITY	NPL COVERAGE NET NPL/NET LOANS TO CUSTOMERS COST OF CREDIT PERFORMING LOANS COVERAGE	68.1% 1.6% 16 b.p. 1.0%
CAPITAL BASE	TIER 1 RATIO SOLVENCY RATIO	6.5% 9.2%
PROFITABILITY	ROE EPS	11.4% €0.16

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

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