SUPPLEMENT TO THE BASE PROSPECTUS DATED 22 NOVEMBER 2005

Banca Nazionale del Lavoro S.p.A.

(Incorporated as a *Società per Azioni* in the Republic of Italy)

Euro 10,000,000,000
Euro Medium Term Note Programme

for the issuance of Euro Medium Term Notes by

Banca Nazionale del Lavoro S.p.A.

and

Banca Nazionale del Lavoro International S.A.

(Incorporated as a *Société Anonyme* in the Grand Duchy of Luxembourg)
unconditionally and irrevocably guaranteed by

Banca Nazionale del Lavoro S.p.A.

This Supplement to the Base Prospectus (the "**Supplement**") constitutes a supplement for the purposes of Art. 13.1 of the Luxembourg law on prospectuses for securities of 10 July 2005 and the Directive 2003/71/EC (the "**Prospectus Directive**"), and is prepared in connection with the Euro Medium Term Note Programme referred to above (the "**Programme**") and is supplemental to the Base Prospectus dated 22 November 2005 (the "**Base Prospectus**") prepared by Banca Nazionale del Lavoro S.p.A. (the "**Bank**" or "**BNL**") and Banca Nazionale del Lavoro International S.A. ("**BNL International**") in their respective capacities as issuer (each, an "**Issuer**" and together, the "**Issuers**") relating to the Programme, and with BNL also acting as guarantor (the "**Guarantor**") for the Notes issued by BNL International. This Supplement should be read in conjunction with the Base Prospectus and any other supplements to the Base Prospectus issued by the Issuers. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved on the date hereof by the Luxembourg *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), which is the Luxembourg competent authority for the purposes of the Prospectus Directive and relevant implementing measures in Luxembourg.

This Supplement has been prepared pursuant to Art. 16.1 of the Prospectus Directive.

Each of the Issuers and the Guarantor accepts responsibility for the information contained in this Supplement and the Base Prospectus. Each of the Issuers and the Guarantor declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplement and the Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

Each of the Issuers will provide, free of charge, at its registered office and at the specified offices of each of the Paying Agents, upon oral or written request, a copy of this Supplement. In addition, this Supplement will be available in electronic form on the website of the Luxembourg Stock Exchange (www.bourse.lu).

Save as disclosed in this Supplement, there has been no significant new factor, material mistake or inaccuracy relating to the information included in the Base Prospectus since the date of publication thereof.

To the extent that there is any inconsistency between any statement in this Supplement and any statement in or incorporated by reference into the Base Prospectus, the statements in this Supplement will prevail.

The date of this Supplement is 20 February 2006

RECENT DEVELOPMENTS

Sale of non-performing loans on a non-recourse basis

On 30 December 2005 the Bank sold a portfolio of non-performing loans consisting of mortgage and unsecured loans to I.C.R. International Credit Recovery (8) S.r.l., a special purpose vehicle set up in accordance with Legislative Decree No. 130 of 30 April 1999 (the "**Law 130/1999**") and owned by the Morgan Stanley and the Pirelli Real Estate groups.

The sale was made in accordance with Articles 1 and 4 of Law 130/1999 and, therefore, the monetary receivables arising from the portfolio were identified as a block of homogeneous receivables on the basis of pre-agreed eligibility criteria. The sale was made on a non-recourse basis to the seller and without need for any formality to be fulfilled for the enforceability against third parties of the assignment of the loans and ancillary rights and guarantees.

The gross asset value of the portfolio amounted to Euro 927 million and consisted of loans to Italian corporate clients each with an aggregate debt exposure to the BNL Group of more than Euro 700,000.

The sale price amounted to Euro 345 million, which, compared to the net book value of the portfolio (net of write-downs) of Euro 333 million as at the beginning of 2005, gave rise to a positive effect on the BNL Group's 2005 results in the region of Euro 12 million, as well as a write-off for the year 2005 of approximately Euro 100 million of the write-downs set aside in the course of 2005 in respect of the receivables sold.

Rating Upgrade

On 11 January 2006 Standard & Poor's Rating Services raised BNL's long-term rating to "A-" from "BBB+". At the same time the "A2" short-term counterparty credit rating was confirmed, with outlook Stable. Previously, these ratings had been placed on CreditWatch.

On 3 February 2006 Fitch Ratings upgraded BNL's individual rating to "C" from "C/D". At the same time the agency placed on RatingWatch Positive BNL's long-term rating "BBB+", short-term rating "F2" and Support "2".

On 6 February S&P placed BNL's "A-" long term and "A2" short-term counterparty credit rating on credit watch with positive implications.

On 7 February 2006 Moody's Investors Service placed on review for possible upgrade BNL's "A2" long-term deposit rating. The "Prime-1" short-term rating and "C+" financial strength rating remained unchanged.

A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

The Bank's Iraq debt restructuring

On 23 January 2006 the Bank entered into an agreement with the Republic of Iraq for the restructuring of the Bank's credit exposure to the Republic of Iraq. The agreement is based on the proposal prepared by the Iraqi Government for the restructuring of individual creditors' debt, and is based on terms similar to those agreed in November 2004 at the time of the debt restructuring agreement of the Republic of Iraq with all the countries of the Paris Club.

Pursuant to the agreement, the BNL Group receives in replacement of its claims against Iraqi's banking and public entities (shown in the consolidated accounts at 30 June 2005 with a value of Euro 256 million net of write-downs and provisions), newly issued bonds of the Republic of Iraq for a nominal value of approximately US$ 683 million, bearing an annual fixed interest rate of 5.80%, payable semi-annually, with the first coupon payable on 15 July 2006. The bonds, governed by US law, are negotiable but not listed on a regulated market, and are repayable in 16 semi-annual instalments, starting from 15 July 2020 and ending 15 January 2028.

The bonds shall be accounted for 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 in the light of the political and economic situation in the Republic of Iraq, and the applicable market variables, the initial accounting value of the bonds will be in line with the book value of BNL's pre-restructuring claims against the Republic of Iraq.

Sale by BNL Group of its Argentinean Activities

In the context of the planned sale of its Argentinean activities, on 24 January 2006, the Bank and BNL International Investments S.A. signed an agreement for the sale of their banking subsidiaries in Argentina, Banca Nazionale del Lavoro S.A. and BNL Inversiones Argentinas S.A., to HSBC Bank Argentina, for an amount of US$ 155 million.

This transaction follows the signing on 23 January 2006 of the sale agreement of BNL's pension management subsidiary in Argentina, La Estrella S.A., to a consortium comprised of Caja de Seguros S.A. (with a shareholding of 50%) and private individuals (who own the remaining 50%).

The two transactions, together with the sale of BNL's insurance subsidiary, Fidia S.A., completed on 25 January 2006, complete the sale of BNL's Argentinean subsidiaries, for an aggregate sale price of US$ 205 million.

The completion of the sales of Banca Nazionale del Lavoro S.A., BNL Inversiones Argentinas S.A. and La Estrella S.A. is subject to the prior approval of the local regulatory authorities, which is expected to be obtained in the course of the first quarter of 2006. No prior approval from local regulatory authorities is required for the sale of Fidia S.A..

Upon completion of the transactions, the BNL Group's consolidated income statement will benefit from an overall capital gain estimated to amount to US$ 155 million before tax, sundry charges and provisions for contractual guarantees.

UNIPOL's Public Offer

On 3 February 2006 the Bank of Italy announced its refusal to approve Unipol's takeover bid over BNL's ordinary shares launched during Summer 2005. Following such refusal, on 8 February 2006, *Commissione Nazionale per le Società e la Borsa* announced that the public offer launched by Unipol could not take place due to the non-fulfilment of the applicable legal and regulatory requirements. In addition, all the shareholder agreements that had been entered into in connection with the Unipol takeover bid, as described in the Base Prospectus, were terminated.

BNP Paribas announces its takeover bid for BNL

The following are abstracts of the press releases dated 3 February 2006 and 9 February 2006 published on the website of BNP Paribas upon the announcement of its intent to acquire BNL. The full text of the press releases is available on the website of BNP Paribas (www.bnpparibas.com).

"BNP Paribas announces intent to acquire BNL

Le 3 February 2006

BNL would become a key part of a global banking group with an outstanding European base and two home markets.

BNP Paribas, a global banking group operating in 85 countries, announces that it has entered into conditional agreements with 13 shareholders of BNL, including Unipol, to acquire 1,467.6 million BNL shares, representing a total of approximately 48%* of the shares of BNL, at a price of 2.925 Euros per share.

** 47% on a fully diluted basis.*

The agreements are conditional among others upon (i) the lapsing of the public offer launched by Unipol on all the shares of BNL and (ii) the approval by the Bank of Italy and the relevant Antitrust Authorities (in Italy and/or at EU level) of the acquisition by BNP Paribas of a controlling interest in BNL, such conditions to occur on or before June 30, 2006. In accordance with applicable rules, the proposed transaction has already been pre-notified to the Bank of Italy.

Following completion of the purchase of the above shares, BNP Paribas would launch a Public Offer for all remaining shares of BNL of any class, in accordance with applicable laws and regulations, at the same price of 2.925 Euros per Share.

The agreements are subject to ratification by the board of directors or other appropriate bodies of the selling parties involved. The Board of Directors of BNP Paribas will also be called to approve the transaction and the proposed terms of the Public Offer."

"Le 9 February 2006

A meeting of the Board of BNP Paribas was called on 9 February 2006 and was held by the end of the afternoon of that same day. It unanimously approved the plan to acquire BNL and ratified the agreements concerning the acquisition of 48% of its capital. 12 out of 13 of the selling parties, which hold a total of 46.6% of BNL's capital, have ratified the agreements to date. The last board meeting, that of Nova Coop, is scheduled to meet on Saturday 11th February.

Subject to regulatory approvals, BNP Paribas will launch a public offer to acquire the entire capital of BNL as announced previously."

Parmalat Group insolvency procedure

A number of claw-back actions and actions for damages are pending against BNL and its subsidiary Ifitalia S.p.A. in connection with the insolvency procedure opened in relation to the Parmalat Group in 2004. The aggregate amount of claims brought by the Official Receiver of Parmalat, Enrico Bondi against BNL and Ifitalia S.p.A. amounts to about Euro 440 million. In addition, five other legal actions brought by the participants in the Contal Group against

Ifitalia S.p.A. are pending against BNL for a total amount of about Euro 70 million. The legal action commenced against Ifitalia S.p.A. upon the request of Giovanni Tanzi, one of the defendants in the Parmalat proceeding, is still pending. Based on the information currently publicly available and considering the legal advice that BNL has obtained, BNL believes that there are valid grounds for the defence of the BNL Group in these lawsuits; therefore no latent charges are expected. The 2004 balance sheet of the BNL Group includes a fund for risks of Euro 104.5 million, of which Euro 39.3 million was set aside specifically in relation to potential liabilities arising from the above pending proceedings.