



# Presentation of Group Results at 30<sup>th</sup> September 2005

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*November 2005*

# Disclaimer

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# Agenda

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## ■ Executive Summary

9M2005 Results

Highlights

Revenues

Asset Quality

Costs

Main Ratios

*Appendix*

# Executive Summary

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**SIGNIFICANT PROFITABILITY**

**Driven by:**

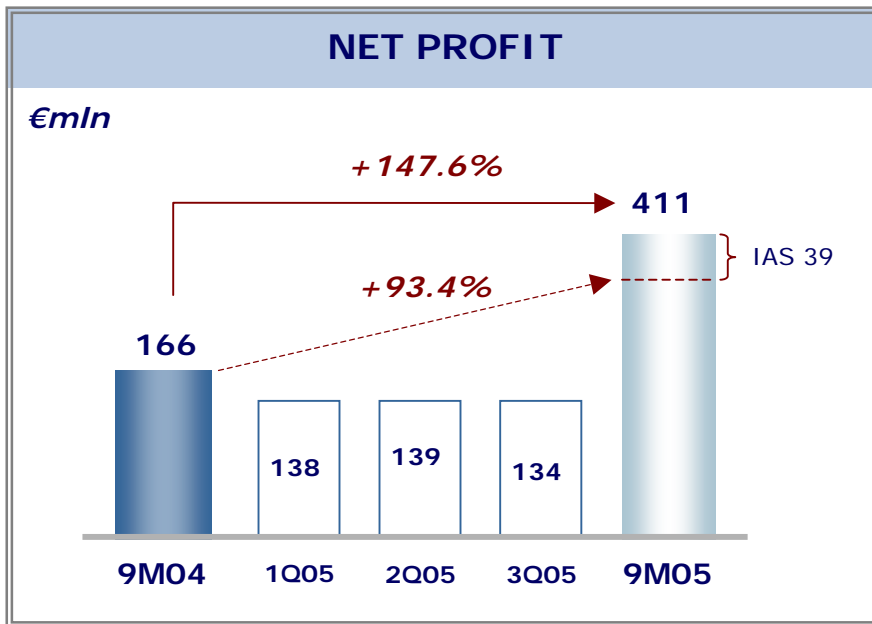
**CORE REVENUES**

**COST OF RISK**

**COST CONTROL**

# Executive Summary: Profitability

9 MONTHS RESULTS CONFIRM A STEADY IMPROVEMENT  
IN PROFITABILITY



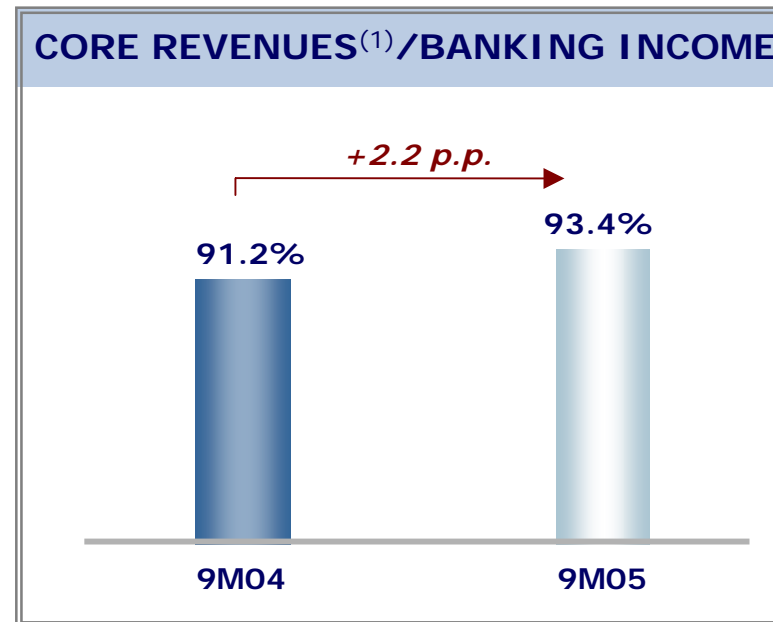
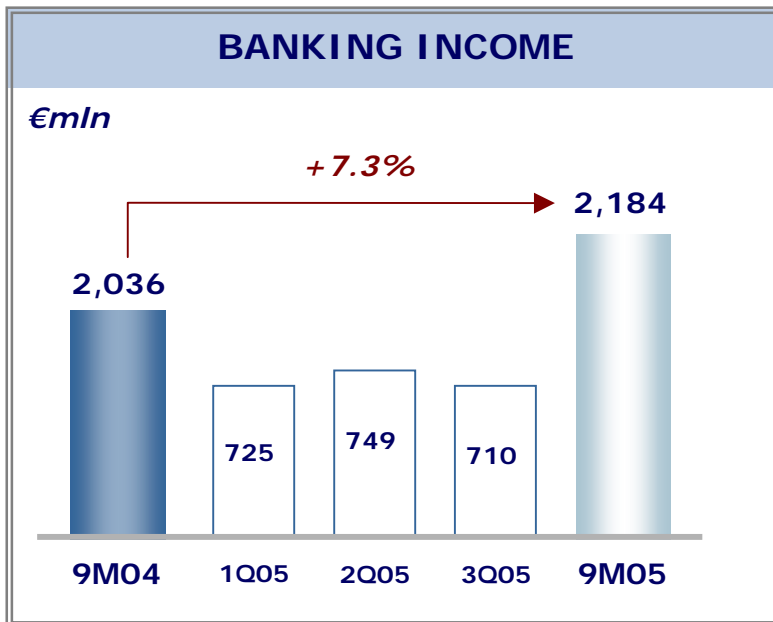
**ANNUALISED ROE**

AT 30/09/2005

**11.8%**

# Executive Summary: Core Revenues

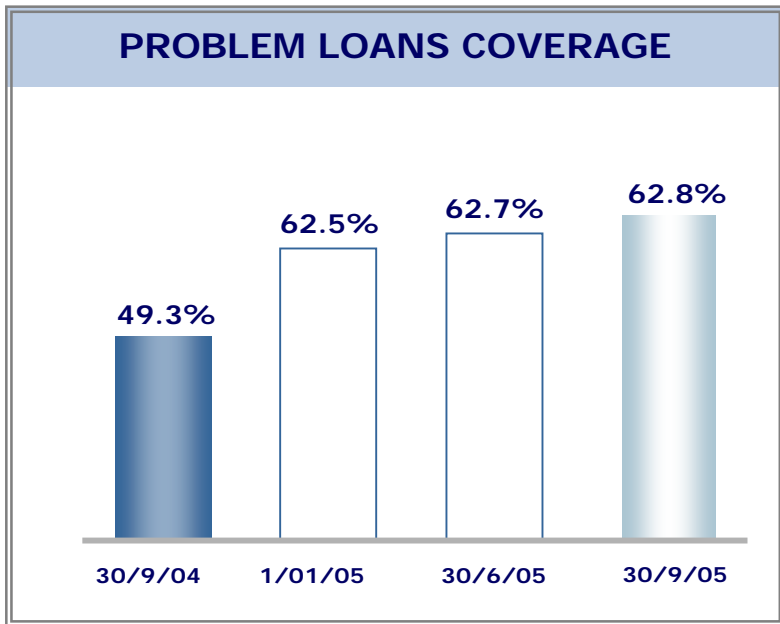
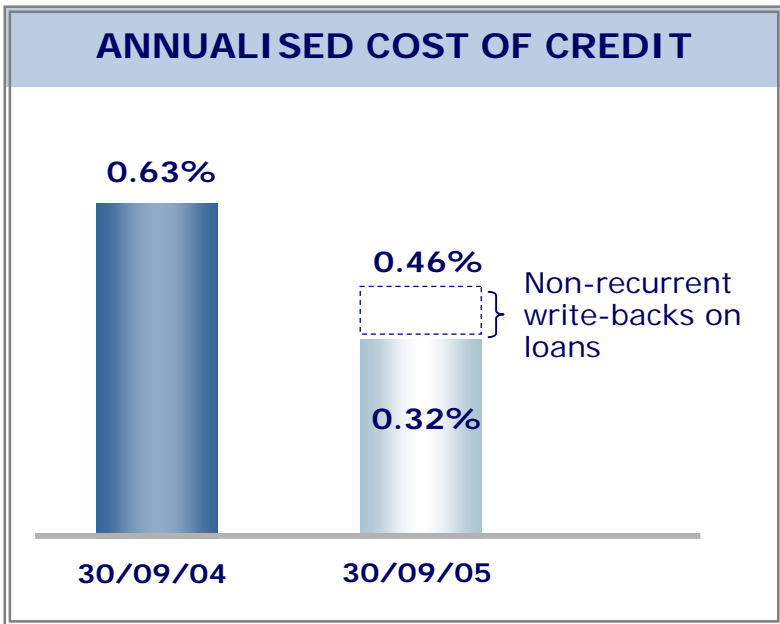
**GROWTH IN BANKING INCOME SUPPORTED BY IMPROVING CORE REVENUES CONTRIBUTION**



<sup>(1)</sup> Core Revenues: Net Interest Income + Net Commissions

# Executive Summary: Cost of Risk

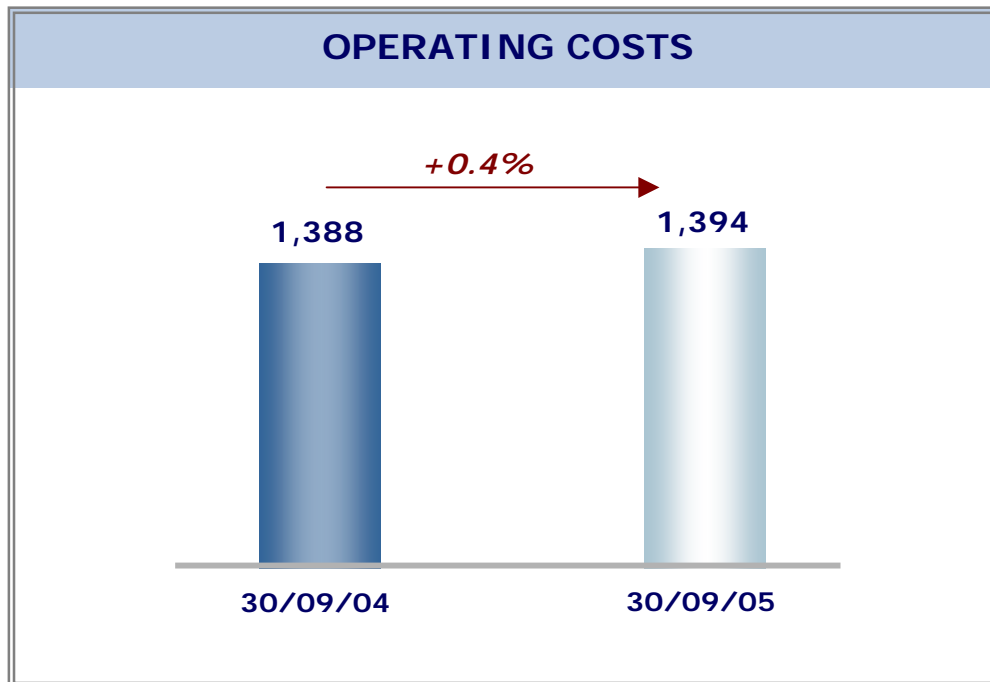
**SIGNIFICANT DECREASE IN COST OF CREDIT ALSO EXCLUDING  
EXTRAORDINARY WRITE-BACKS**



# Executive Summary: Cost Control

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**OPERATING COSTS REMAIN UNDER CONTROL**





# Executive Summary: Advertising Campaign

Launch of a new advertising campaign to support commercial development of new competitive products

## OBJECTIVES

- Reaffirm BNL's presence in retail and small business markets

- Acquire retail and small business customers
- Widen product range and customer choice
- Re-launch BNL's presence in the small business market

## PRODUCT FOCUS

- Key product areas identified as package accounts, payment cards, loans

Retail	Small Business
"Conto per Te"	"Strumenta"
"My Cash"	"Credito Semplice"
"Flexi Mutui"	"Web Leasing"

## COMMUNICATION CHANNELS

- Support distribution network's commercial development

- TV advertising, national newspapers, bill-boards advertising and Internet banners
- Product Leaflets

# Executive Summary: Advertising Campaign

## BNL's advertising campaign: an instantly recognisable new communication format

**RETAIL**

**Puro mutuo 100%. Garantito!**

**PURO MUTUO 100%**  
100% MUTUO  
100% ANTICIPO  
MADE IN BNL

**FlexiMutuo BNL**

LA TUA PRIMA CASA AL COSTO DI UN AFFITTO

100% ANTICIPO  
100% MUTUO  
100% VALORE DELL'IMMOBILE  
FRAC A 300.000 EURO  
TAGGIO FISSO E VERBALE  
FRAC A 10 ANNI

100% AFFIDABILITÀ  
100% SOSTENIBILITÀ  
100% TRASPARENZA  
100% GARANZIA

PER MAGGIORI INFORMAZIONI CONSULTA IL CATALOGO IN OGNI AGENZIA BNL, O INDICATI AL NUMERO VERDE 800 90 91 96.

**BNL**

**Alto contenuto di chiarezza. Per tutte le età.**

**Conto per Te BNL**

PER I TUOI PRIMI PASSI  
PER LE TUE ATTIVITÀ  
PER IL TUO FUTURO

PER I TUOI PRIMI PASSI  
PER LE TUE ATTIVITÀ  
PER IL TUO FUTURO

CONTO CORRENTE  
FRAC A 10 ANNI  
DA 100 EURO AL MESE  
E NEGLI CARICHI  
PER I TUOI CLIENTI

PER MAGGIORI INFORMAZIONI CONSULTA IL CATALOGO IN OGNI AGENZIA BNL, O INDICATI AL NUMERO VERDE 800 90 91 96.

**BNL**

**Niente conti, solo contanti.**

**MyCash BNL**

LA CARTA  
PREMIUM  
RICARICABILE  
ANCHE SENZA  
CONTO CORRENTE

**MyCash BNL**

SENZA CONTI  
SENZA CONTI  
SENZA CONTI

PER MAGGIORI INFORMAZIONI CONSULTA IL CATALOGO IN OGNI AGENZIA BNL, O INDICATI AL NUMERO VERDE 800 90 91 96.

**BNL**

**SMALL BUSINESS**

**Più energia alla tua impresa.**

**Credito Semplice BNL**

PER LE PICCOLE  
IMPRESSE

SOLUZIONI  
PERSONALIZZATE

TRATTAMENTO  
DI PRIMA MANO

PER MAGGIORI INFORMAZIONI CONSULTA IL CATALOGO DI CREDITO SEMPLICE IN OGNI AGENZIA BNL, O AL NUMERO VERDE 800 90 91 96.

**BNL**

**Volare verso il futuro.**

**Strumenta BNL**

OPERAZIONI  
SPECIALE LIBERTÀ

OPERAZIONI  
SPECIALE FLESSIBILITÀ

OPERAZIONI  
SPECIALE AGIBILITÀ

PER MAGGIORI INFORMAZIONI CONSULTA IL CATALOGO DI STRUMENTA IN OGNI AGENZIA BNL, O AL NUMERO VERDE 800 90 91 96.

**BNL**

**Ai tuoi progetti manca solo la parola magica.**

**Web Leasing BNL**

PER I LIBERI PROFESSIONISTI  
E LE PMI BOLSINIERE

MANOVRA  
PROCESSIONE  
CON INTERESSI

PER SEMPLICE  
E FLESSIBILE

PER MAGGIORI INFORMAZIONI CONSULTA IL CATALOGO DI WEB LEASING IN OGNI AGENZIA BNL, O AL NUMERO VERDE 800 90 91 96.

**BNL**



# Executive Summary: Argentina

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Argentina's contribution to results at 30/09/2005 amounted to €32mIn of which €26mIn in 3Q2005, mostly 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:

<b>Assets:</b>	"Non-current assets held for sale and discontinued operations"	<b>€1,394mIn</b>
<b>Liabilities:</b>	"Liabilities related to discontinued operations"	<b>€1,302mIn</b>
<b>P&amp;L account:</b>	"Profit/loss after tax of non-current assets held for sale"	<b>€32mIn</b>

At 30/09/05 intra-group credit lines (BNL Inversiones Argentinas) have been reduced to €16.6mIn. The remainder of BNL SA's lines were fully repaid in July 2005.

Negotiations for the sale of the Argentinean activities (banking, insurance and pension management) are at an advanced stage. Offers received imply overall sale proceeds of USD205mIn. This represents a significant improvement on sale conditions initially foreseen (after consideration of the repayment of intra-group credit lines already effected and to be completed by year-end), and could generate, in the event of a successful conclusion of the sale process, a gross profit of approx. €130mIn.

# Agenda

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Executive Summary

## 9M2005 Results



### Highlights

Revenues

Asset Quality

Costs

Main Ratios

*Appendix*

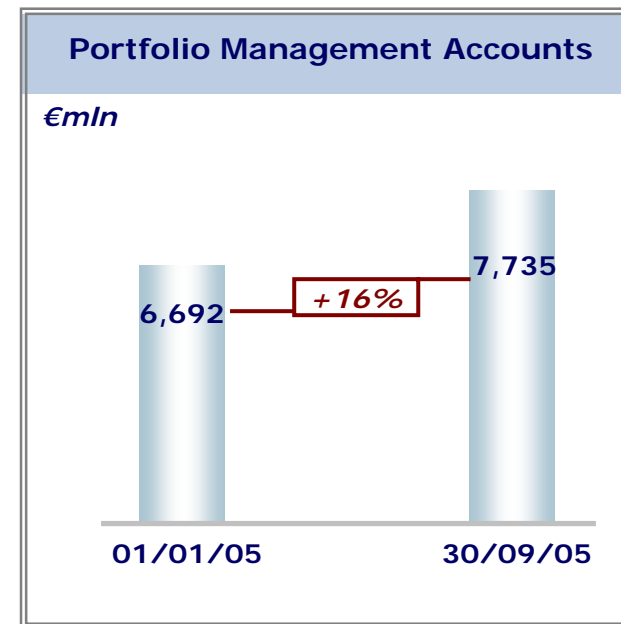
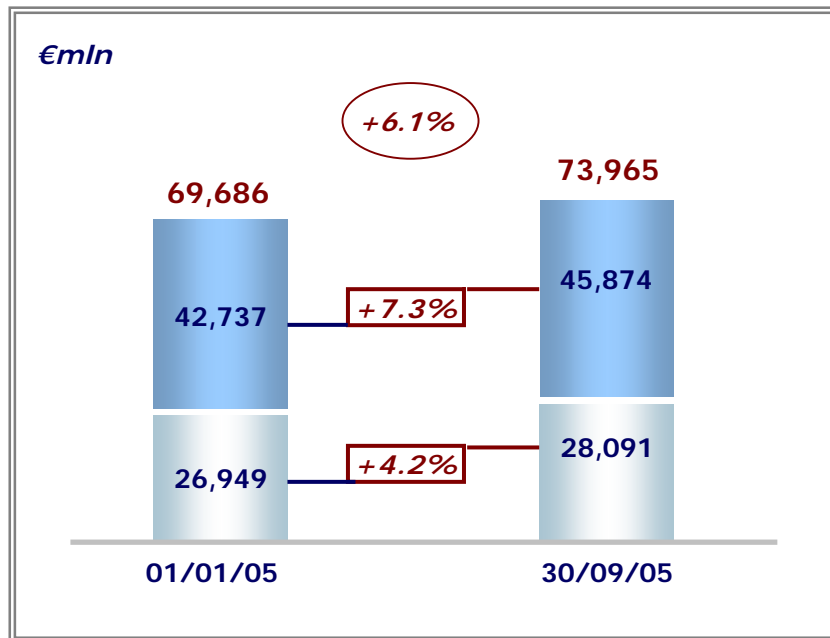
# 9M2005 Results: Balance Sheet Highlights

	(Euro million)	30/09/2005	1/01/2005	% change on 1/01/2005
<b>TOTAL ASSETS</b>		<b>87,332</b>	<b>81,517</b>	<b>+7.1%</b>
Loans to Customers		60,844	59,903	+1.6%
Loans to Banks		8,859	6,456	+37.2%
Financial Assets Held for Trading		7,782	4,597	+69.3%
<b>TOTAL LIABILITIES</b>		<b>87,332</b>	<b>81,517</b>	<b>+7.1%</b>
Deposits from Customers & Securities issued <sup>(1)</sup>		61,559	56,281	+9.4%
Deposits from Banks		12,781	12,346	+3.5%
Net Worth		4,897	4,458	+9.8%

(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

# BNL Group: Indirect Deposits from Customers


- ❑ Growth in both components of indirect deposits
- ❑ Ongoing improvement in assets under management sustained by portfolio management accounts



■ Securities under custody    □ Assets under management

# 9M2005 Results: Income Statement Highlights

Improved operating profitability driven by core revenues, significantly lower cost of credit and flat operating costs

	(Euro million)	9M2005	% var. on 9M04	
BANKING INCOME		2,184	+7.3%	+2.0% <i>Excl. IAS 32 - 39</i>
COST OF RISK		(153)	-56.8%	-47.7% <i>Excl. IAS 32 - 39</i>
OPERATING COSTS		(1,394)	+0.4%	
				
OPERATING PROFIT		647	+110.1%	+64.6% <i>Excl. IAS 32 - 39</i>

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Executive Summary

## **9M2005 Results**

Highlights



**Revenues**

Asset Quality

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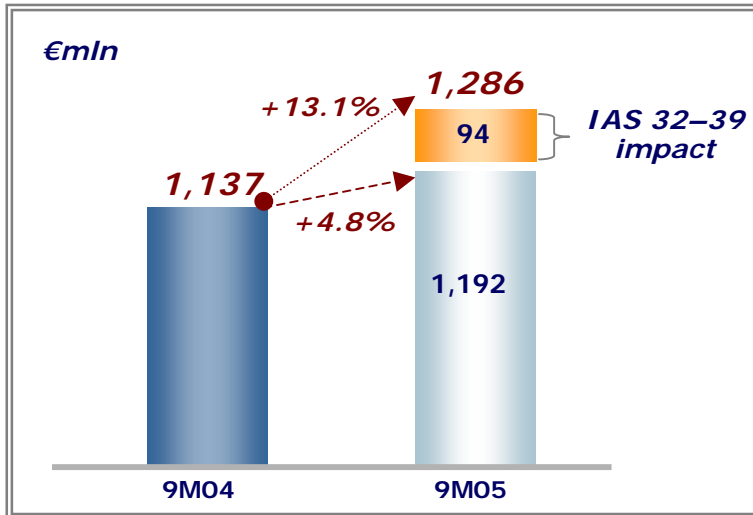
Main Ratios

*Appendix*

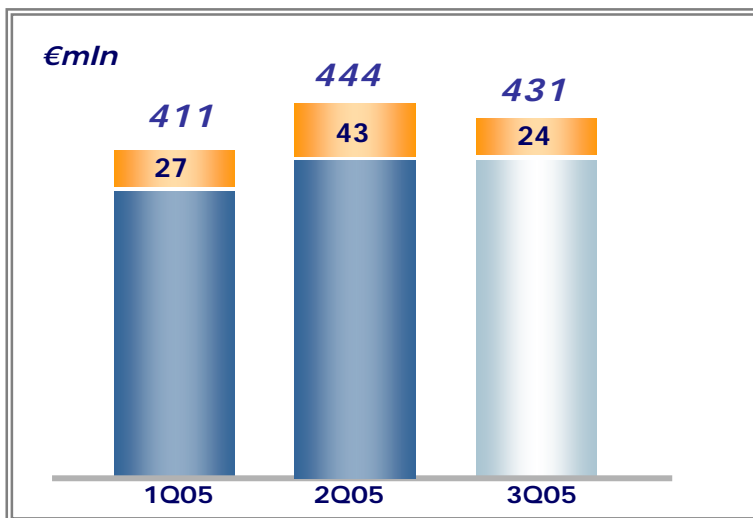


# BNL Group: Net Interest Income

## Improvement in interest income supported by commercial activities



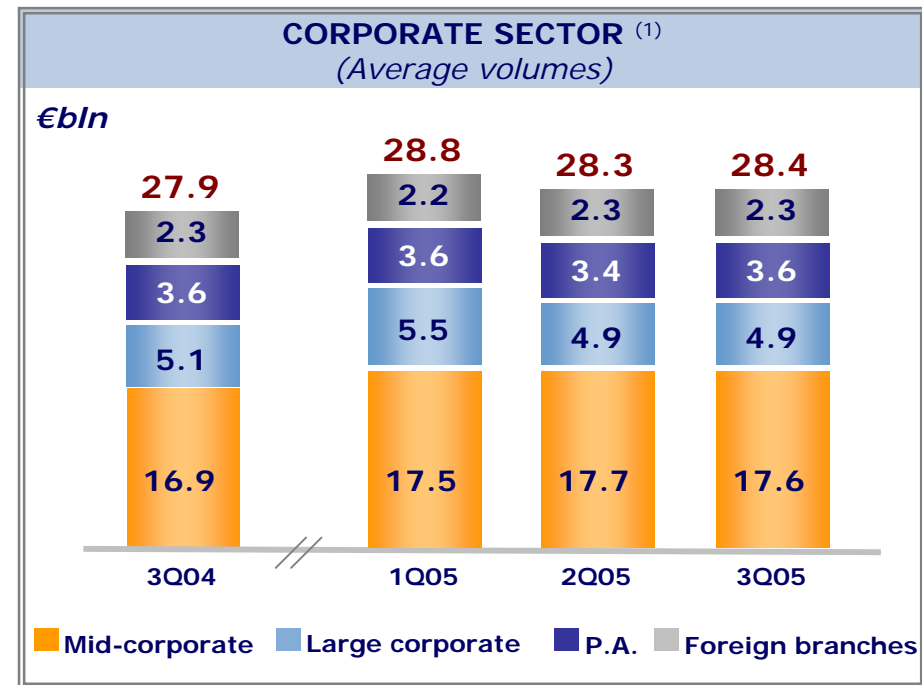
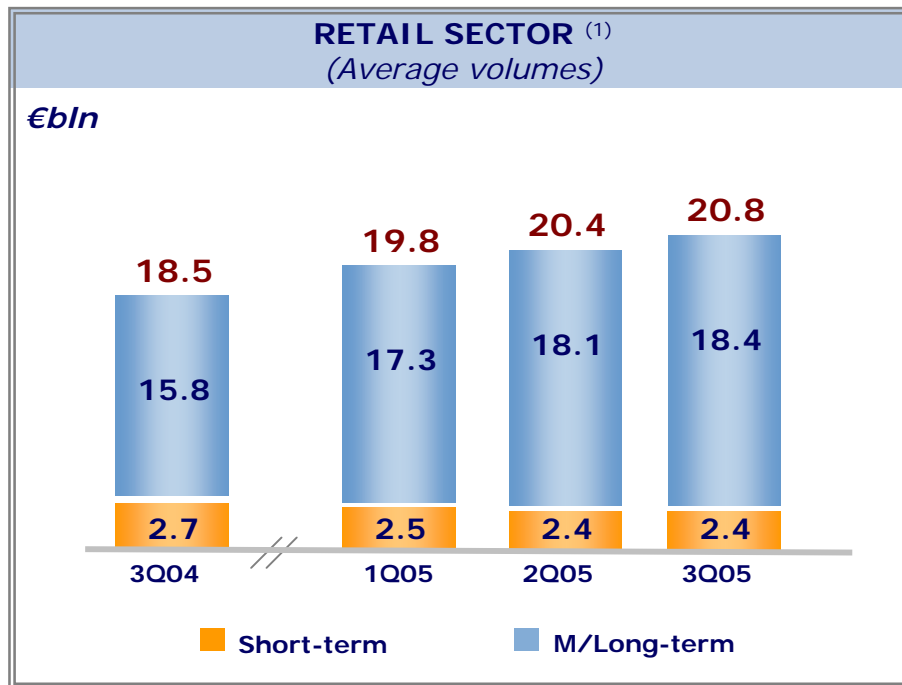
- Even allowing for IAS 39 impacts, Interest income shows a significant YoY improvement
- Increase in interest income driven by growth in commercial volumes



- QoQ comparison shows overall stability of interest income net of IAS impacts

# BNL SpA: Loans to Customers

- ❑ Growing incidence of medium-term component sustains retail lending
- ❑ YoY increase in corporate lending is supported by mid-corporate component

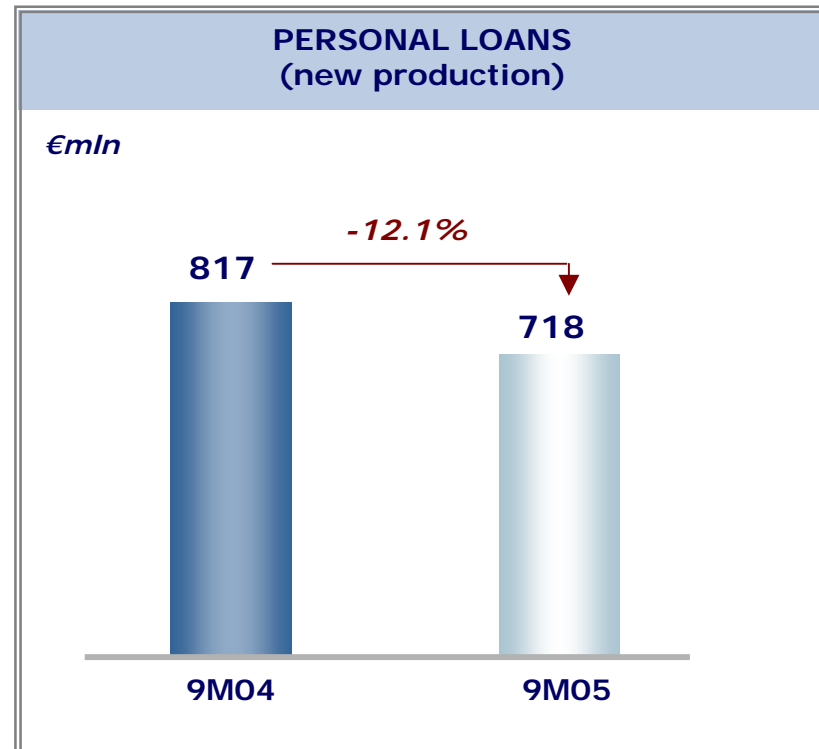
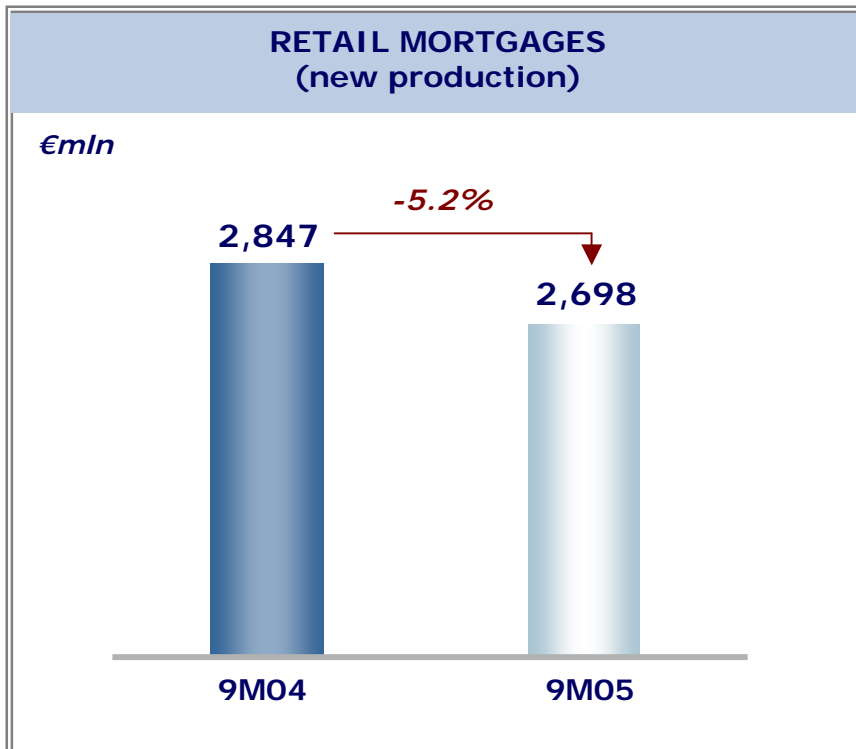


<sup>(1)</sup> Includes securitized loans

# BNL SpA: Retail Lending

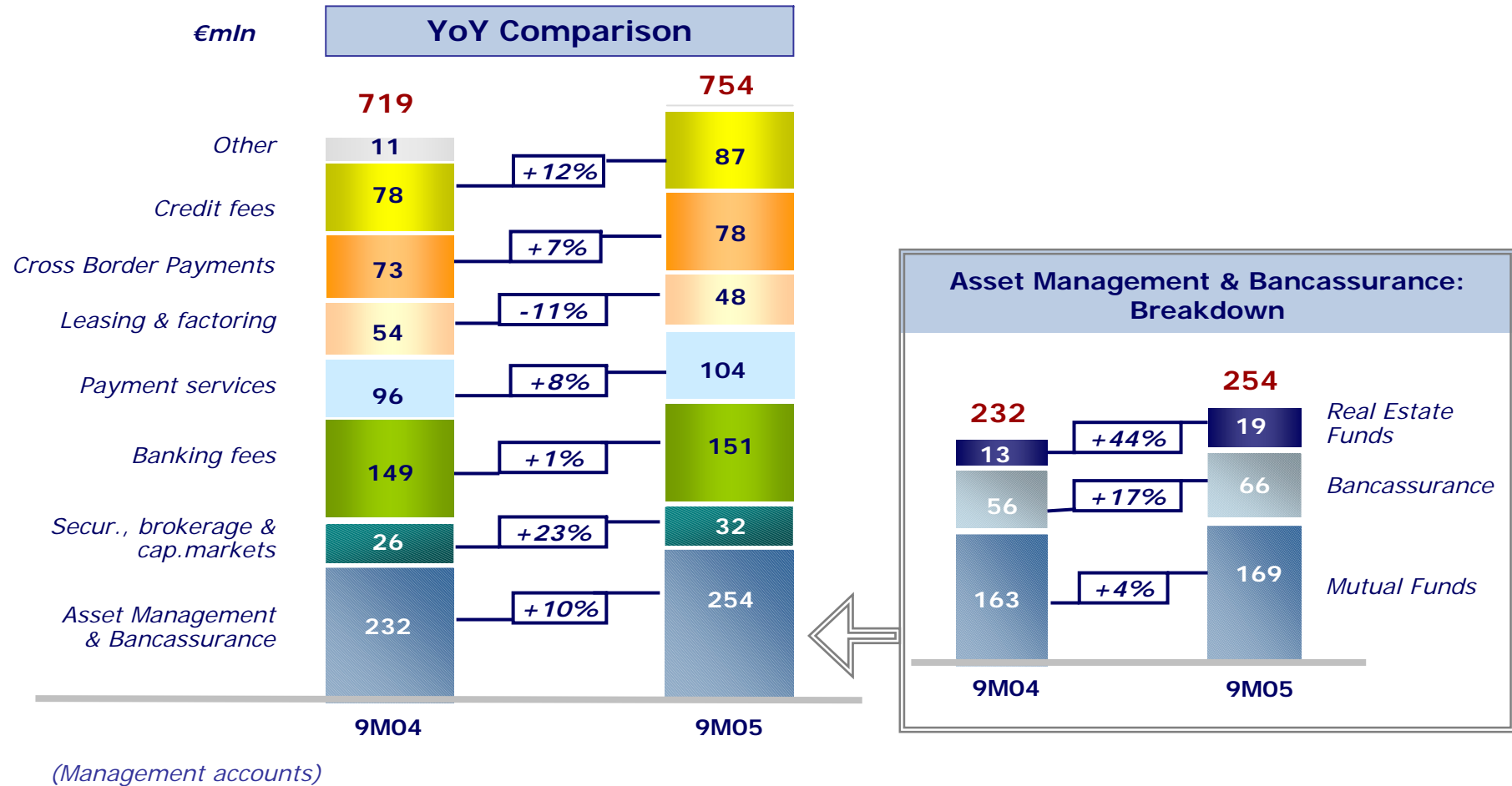
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- New production of retail lending products remains significant
- Pick-up in medium-term lending expected in 4Q05 with launch of new products and advertising campaign



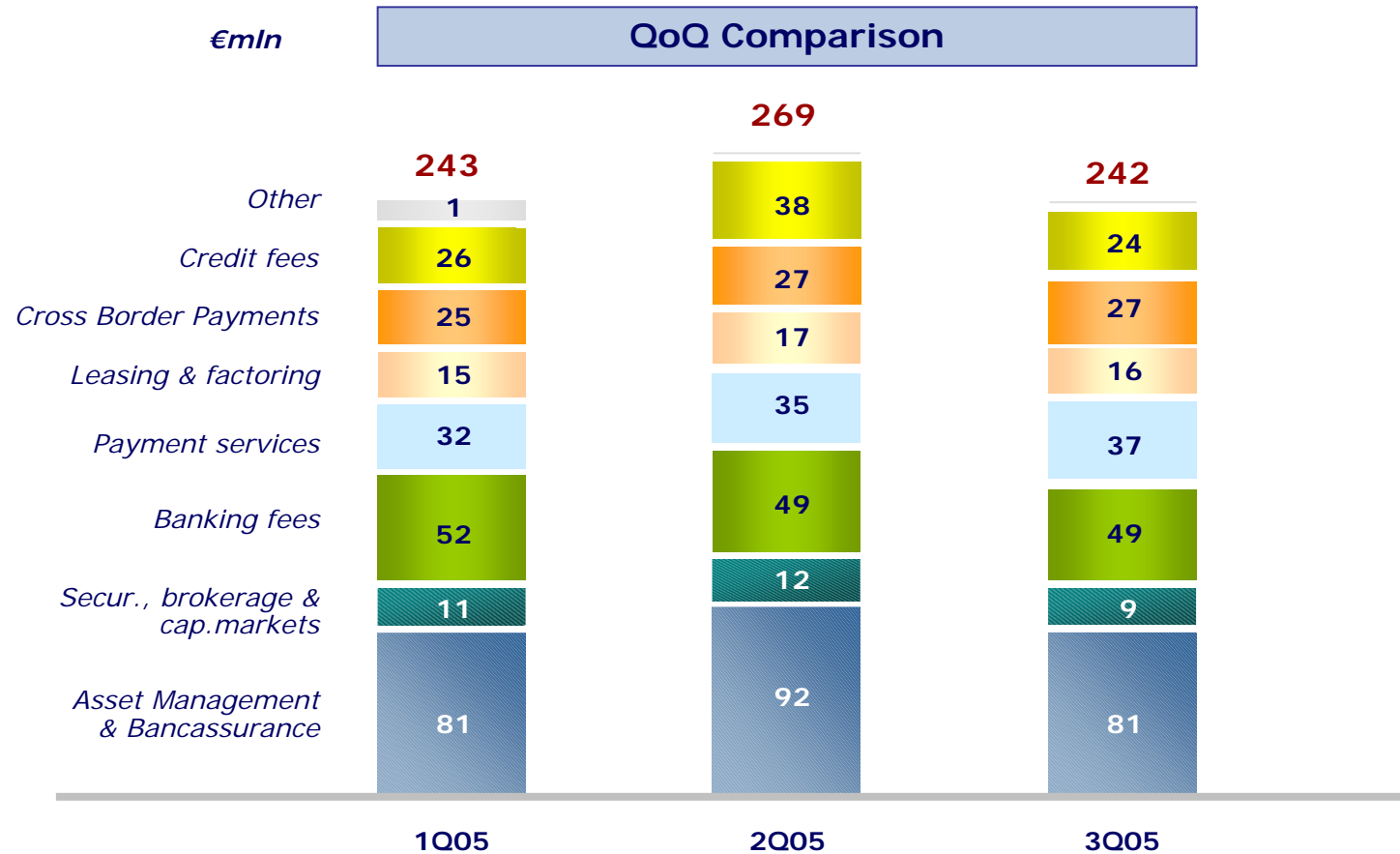
# BNL Group: Net Commissions – 9M2005

Widespread improvement YoY supported by traditional banking and financial fees together with asset management/bancassurance



# BNL Group: Net Commissions – 3Q2005

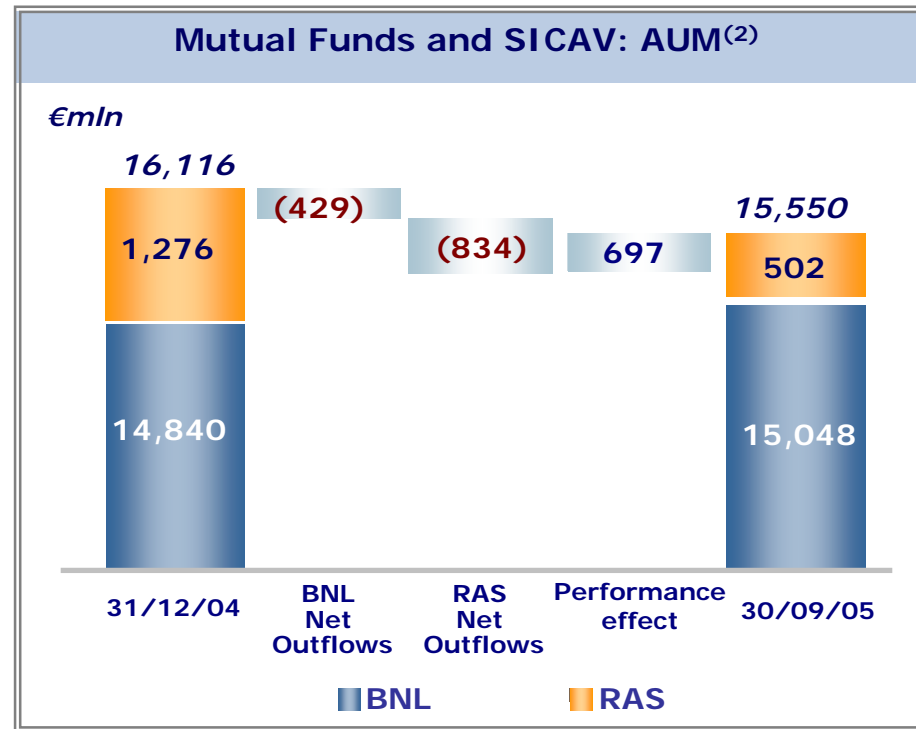
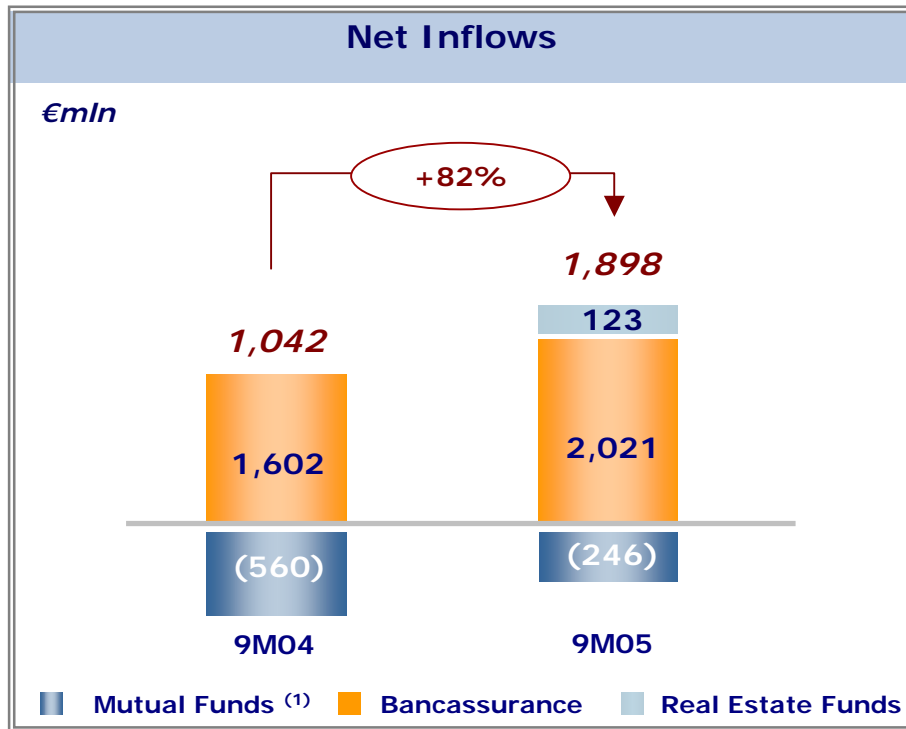
3Q05 essentially in line with previous quarters excluding exceptional contribution from credit fees and bancassurance in 2Q05



(Management accounts)

# Asset Management & Bancassurance

- Continuing positive trend in net inflows with a YoY improvement in all components
- Outflow related to sale of BNL Investimenti to RAS is mostly completed



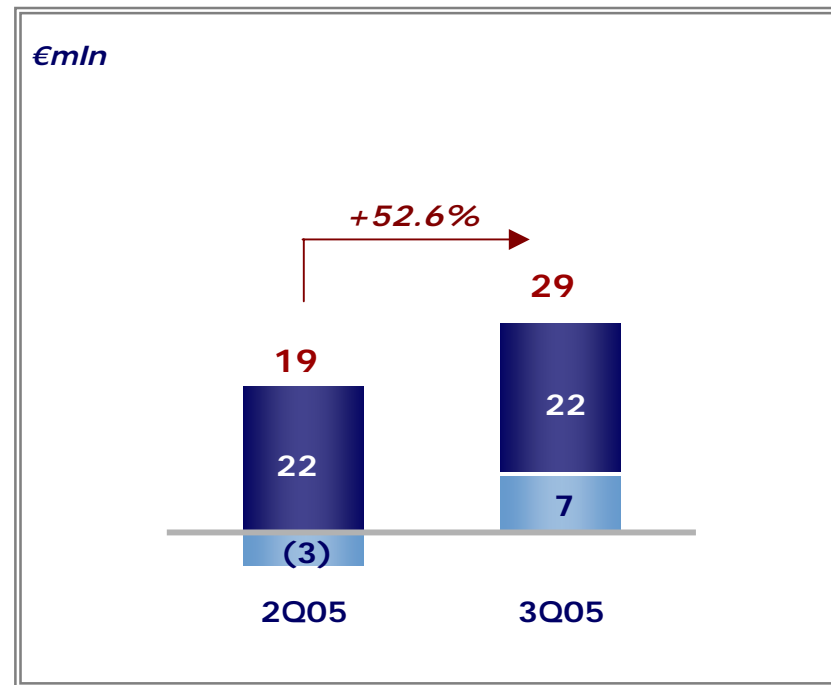
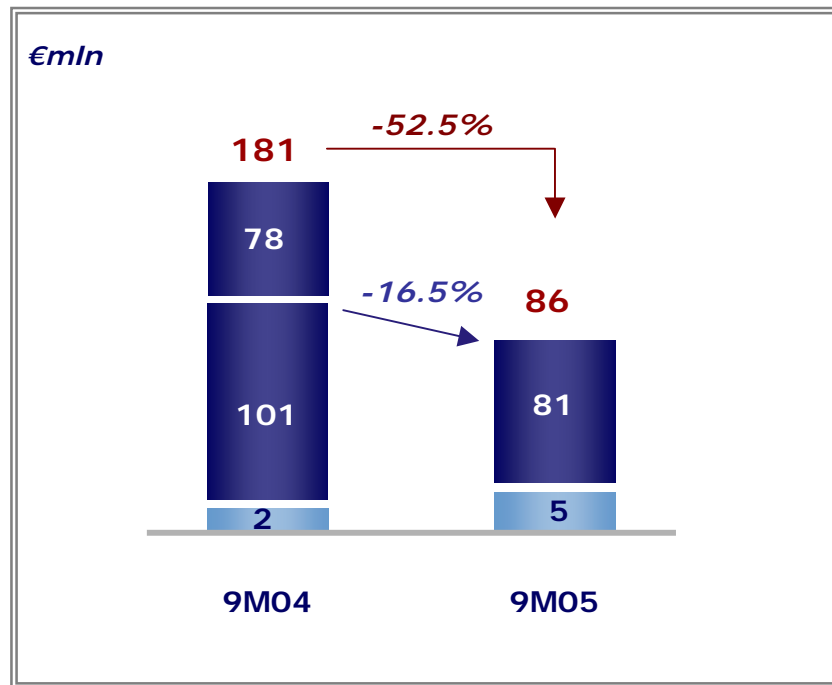
**BNL Vita's technical reserves amount to ~ €9bln (+7.7% YoY)**

(1) Mutual Funds, SICAV, Portfolio Management Accounts. Excludes impact of BNL Investimenti / RAS

(2) BNL Gestioni SGR: excludes Portfolio Management Accounts

# BNL Group: Financial Activities

- ❑ YoY comparison affected by one-off trading income of €78m in 2004
- ❑ Stable trading result QoQ with a positive hedging result

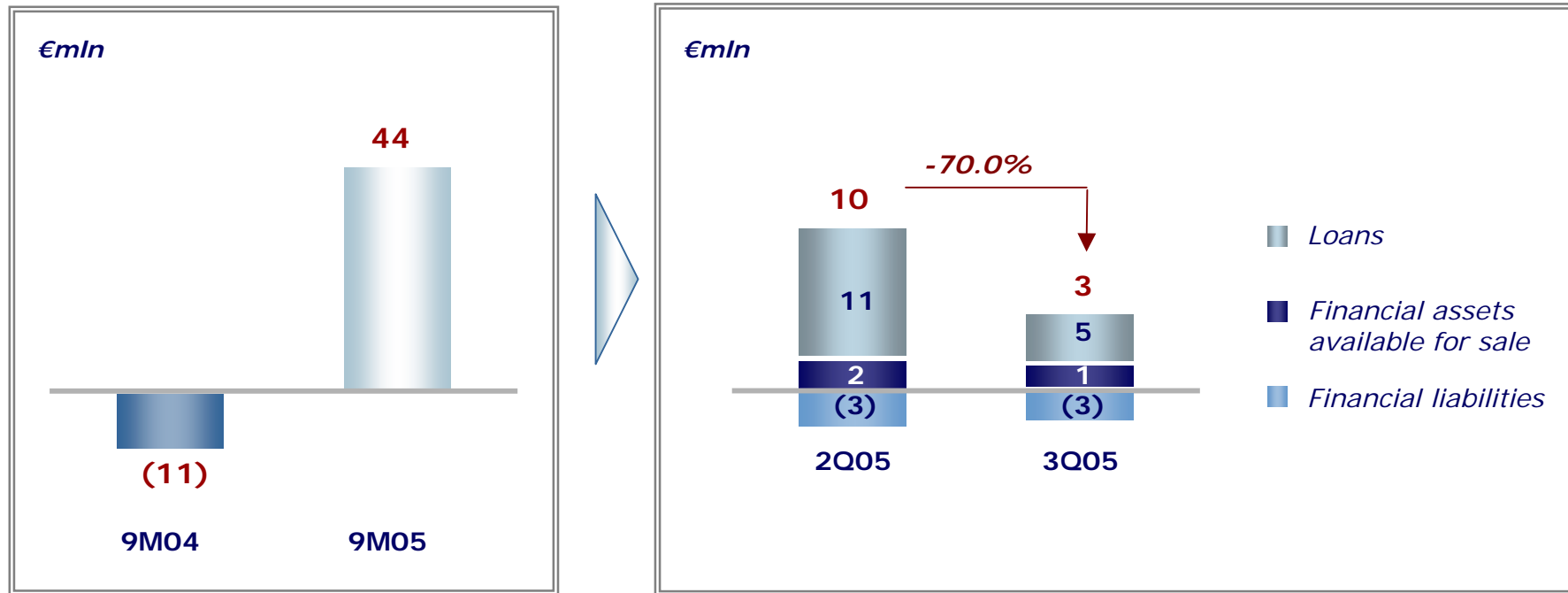


■ Net trading result

■ Net hedging result

# BNL Group: Sale/Purchase of Loans & Financial Assets

Sale of NPLs generated a positive contribution of €18m in the period





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## **9M2005 Results**

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### **Asset Quality**

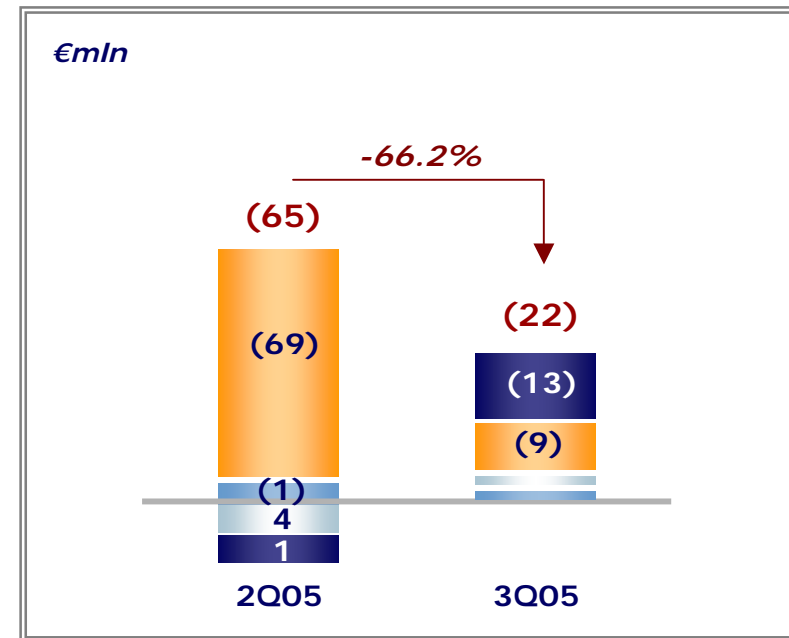
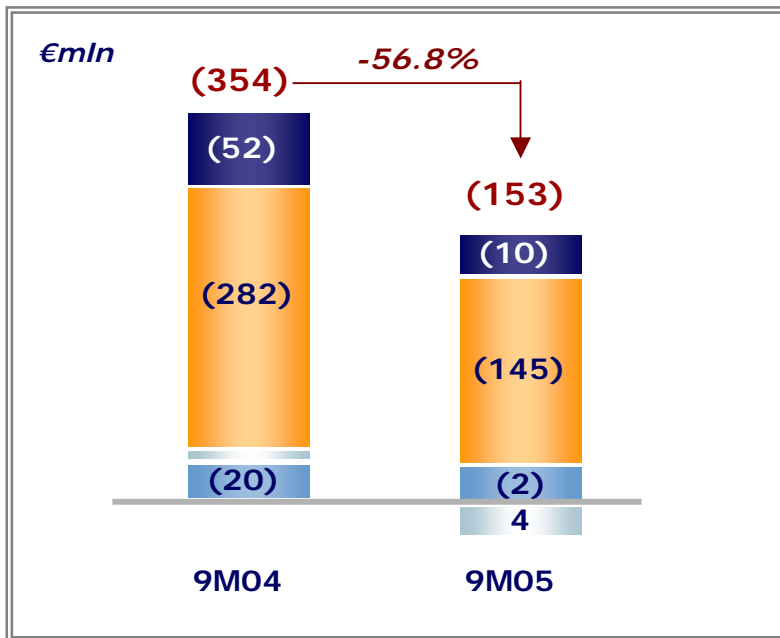
Costs

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# BNL Group: Total Provisions & Adjustments

- ❑ Significantly lower level of provisioning confirmed in the 9 months
- ❑ Quarterly comparison affected by non-recurrent write-backs on loans



■ Net provisions for contingencies and other charges

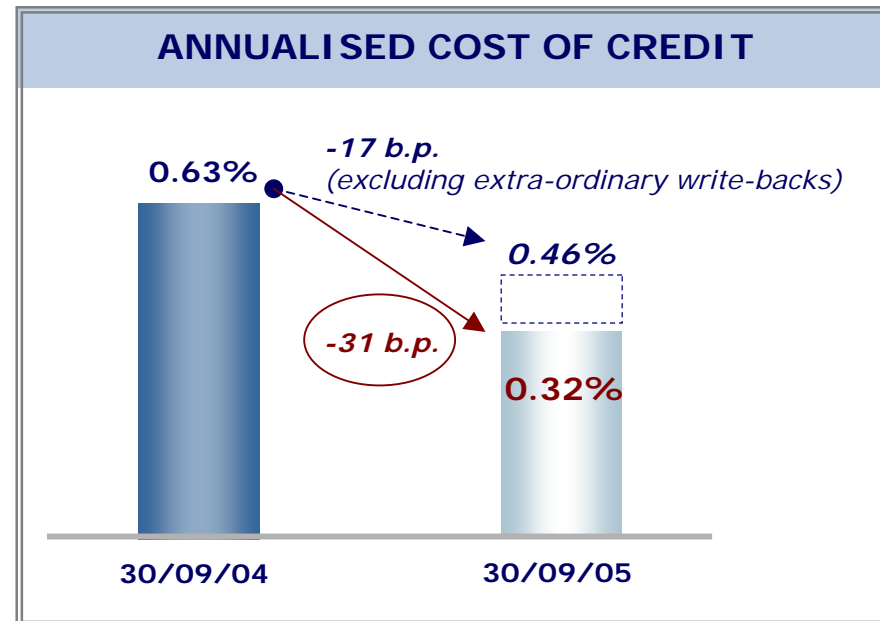
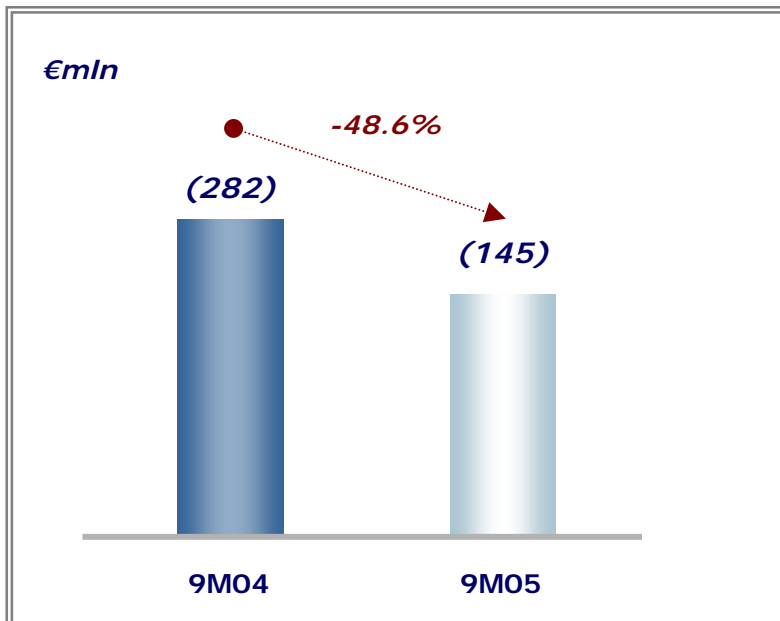
■ Net adjustments on loans

■ Net adjustments on other financial assets

■ Net adjustments on financial assets available for sale

# BNL Group: Credit Risk Provisions & Write-downs

Non-recurrent write-backs in 3Q05 lead to a significantly lower cost of credit

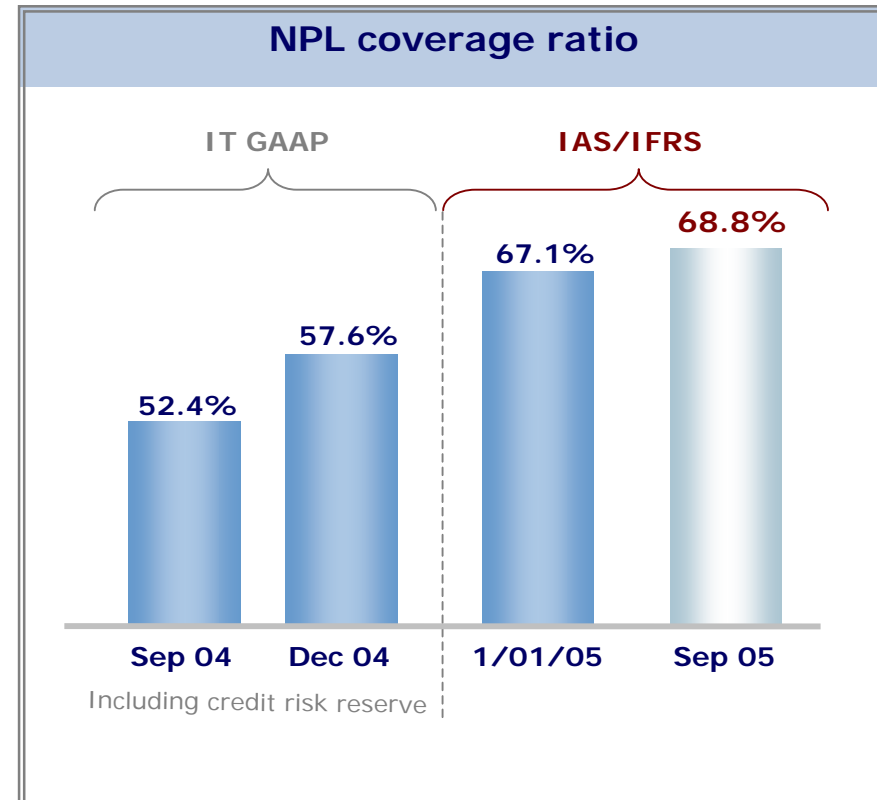
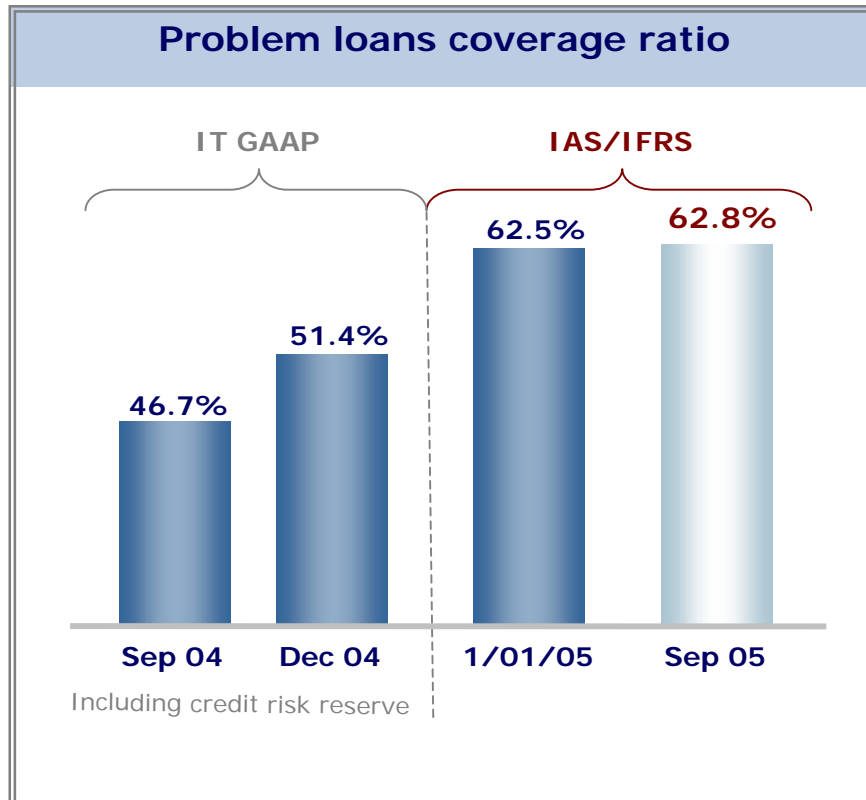


**Net annualised cost of credit\*: 32 b.p.**  
(46 b.p. excluding non-recurrent write-backs of €64mln from Argentina and FIAT)

\* Calculated on actual number of days (273/365)

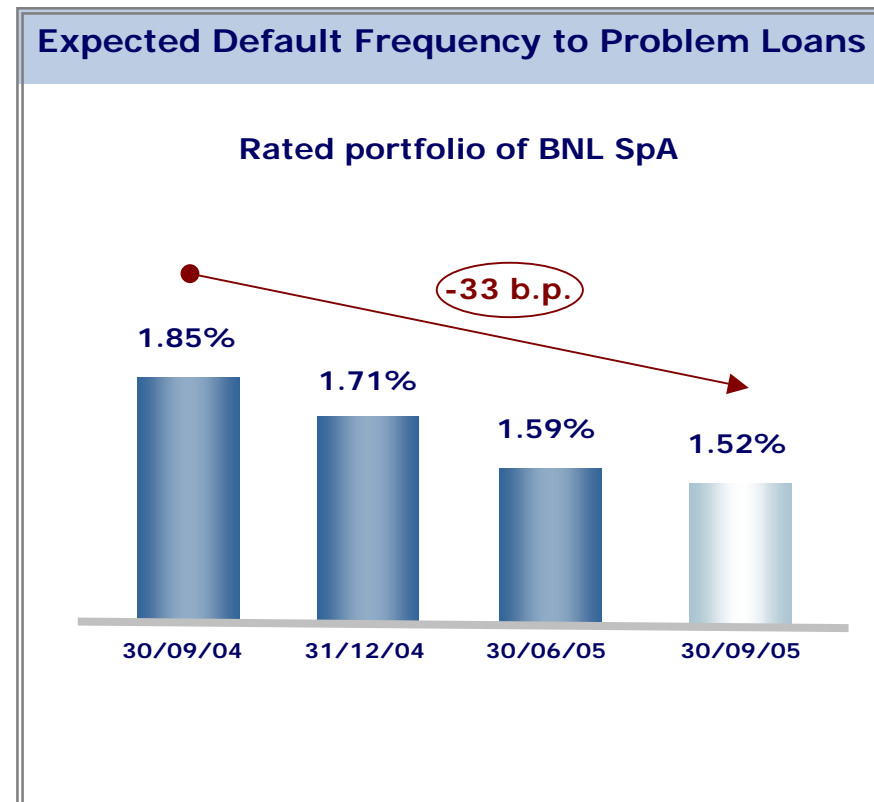
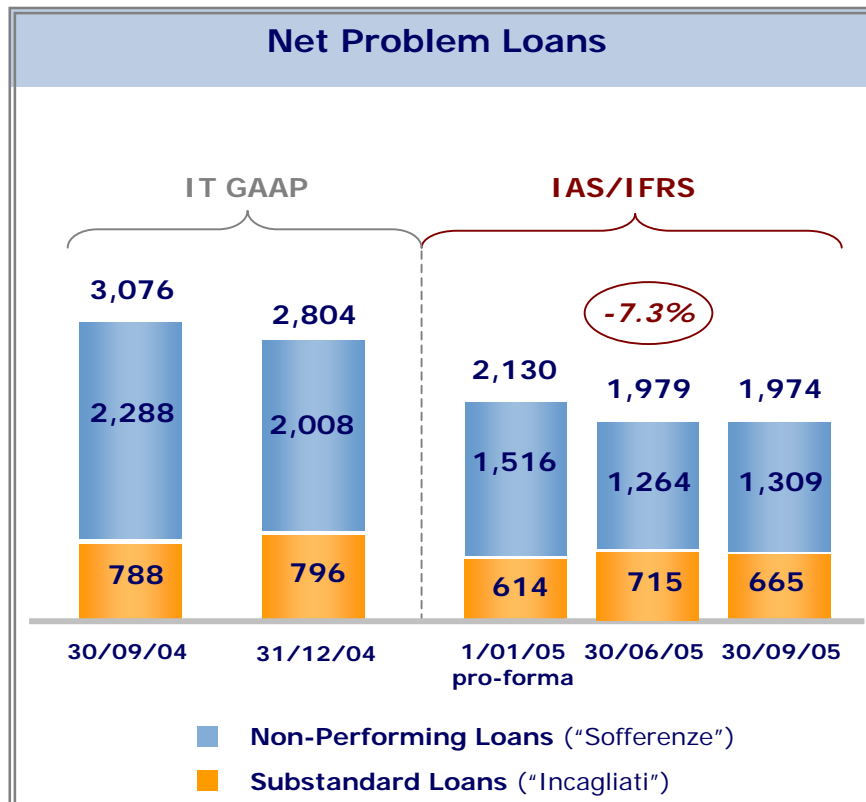
# BNL Group: Asset Quality

Loan book quality improvement confirmed by increasing coverage ratios in spite of sizeable contraction in provisioning



# BNL Group: Asset Quality

- ❑ Reduction in the year driven by lower net non-performing loans with stability in the quarter
- ❑ Rated portfolio's EDF trend shows continuing improvement in loan book



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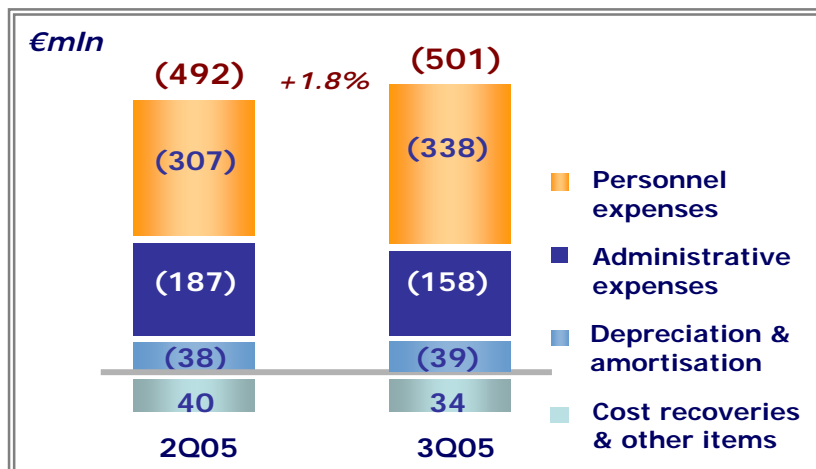
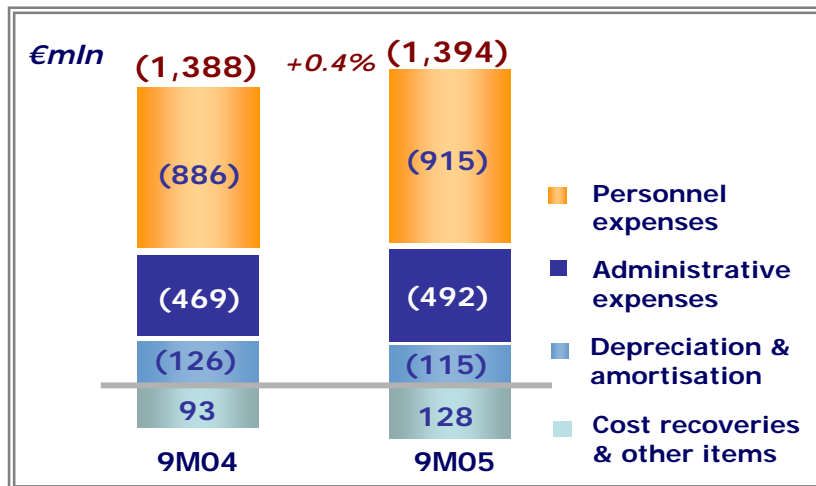
**Costs**

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*Appendix*

# BNL Group: Operating Costs

- ❑ New labour contract increase and exceptional lay-off charges weigh on personnel expenses
- ❑ Administrative expenses include one-off IT and advisory costs and additional business development costs



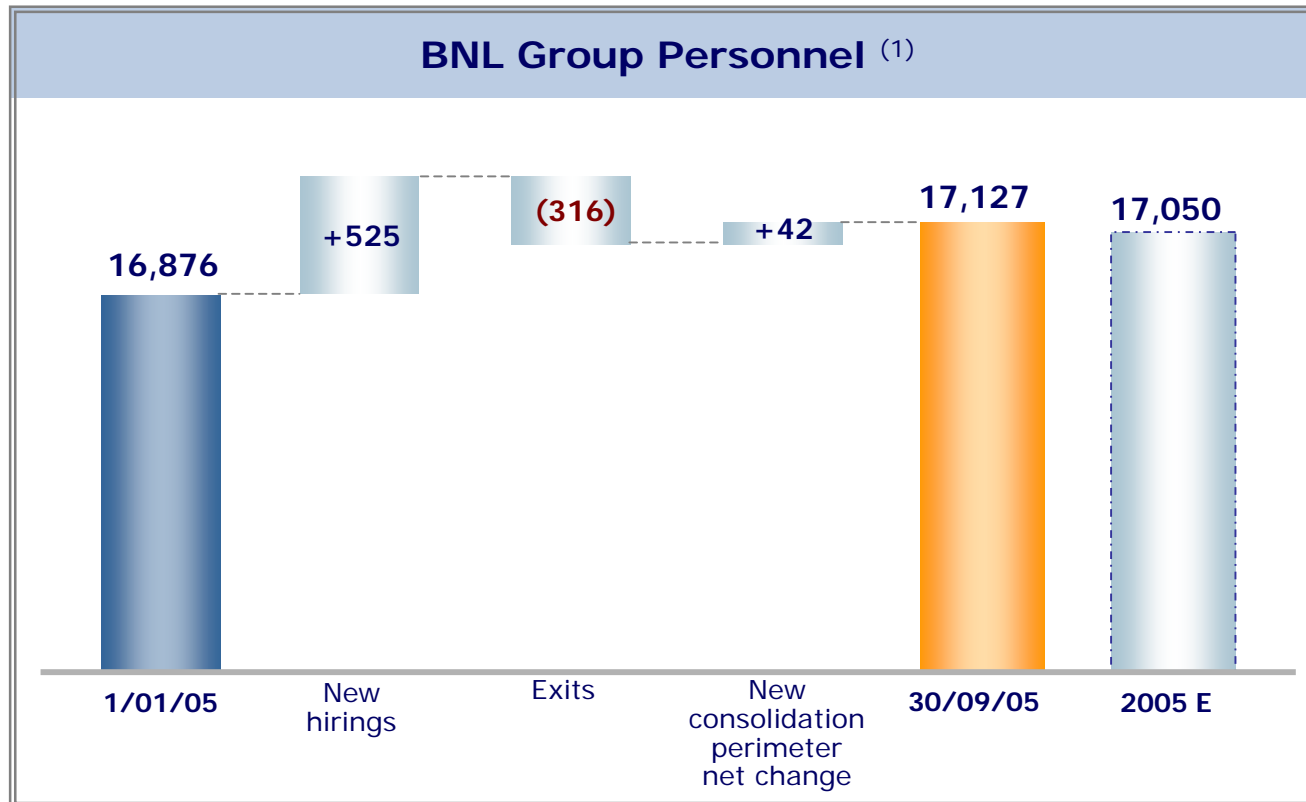
	YoY change
Operating costs	+0.4%
Personnel expenses	+3.3%
Exceptional lay-off charges of €45mln in 3Q05 (v. €18mln in 1H05) include an additional 315 resources of BNL SpA expected to leave by year-end	
Administrative expenses	+4.9%
Depreciation & amortisation	-8.7%
Cost recoveries & other items	+37.6%

**COST/INCOME: 63.8%**  
 → **60.2%** (excluding extraordinary charges in the period)

# BNL Group: Personnel

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- ❑ Total exits in excess of 600 envisaged for BNL SpA in 2005
- ❑ Personnel increase results from planned new hirings and change in the consolidation perimeter resulting from IAS 27 accounting



<sup>(1)</sup> Data excludes 2,031 human resources operating in Argentina



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## **Main Ratios**

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# BNL Main Ratios

Data at 30/09/2005

EFFICIENCY	<b>COST/INCOME (incl. D&amp;A)</b> <b>COST/INCOME (excl. D&amp;A)</b>	<b>63.8%</b> <b>58.5%</b>
ASSET QUALITY	<b>NPL COVERAGE</b> <b>PROBLEM LOANS COVERAGE</b> <b>NET NPL/NET LOANS TO CUSTOMERS</b> <b>COST OF CREDIT (annualised)</b> <b>PERFORMING LOANS COVERAGE</b>	<b>69%</b> <b>63%</b> <b>2.2%</b> <b>32 b.p.</b> <b>1.2%</b>
CAPITAL BASE	<b>TIER 1 RATIO*</b> <b>SOLVENCY RATIO</b>	<b>6.7%</b> <b>10.2%</b>
PROFITABILITY	<b>ROE (annualised)</b>	<b>11.8%</b>

*(\*) estimate pending publication of new calculation criteria for this indicator by Regulatory Authorities*

# Outlook

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## Outlook for year-end 2005

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The economic scenario confirms the absence of notable changes in the level of economic activity and no significant variations in short-term interest rates are envisaged in the year.

The positive evolution in banking activity volumes, also supported by the launch of new products, should counteract competitive pressure on spreads.

Thus banking income is likely to show a slight improvement on the previous year (on a comparable basis).

The contained trend in the cost of risk and operating costs in line with expectations, lead to a confirmation of the possibility of achieving the stated ROE target in the region of 10%.

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# BNL Group: 9M2005 Income Statement

<i>€mln</i>	9 M 2005 IAS/IFRS	Of which IAS 32-39 <sup>(2)</sup>	9 M 2004 Restated <sup>(1)</sup>	% Change	%Ch. net of IAS 32-39
<b>NET INTEREST INCOME</b>	<b>1,286</b>	<b>94</b>	<b>1,137</b>	<b>13.1%</b>	<b>4.8%</b>
Net commissions	754		719	4.9%	
Dividend and similar income	9		10	(10.0%)	
Net trading/hedging result	86		181	(52.5%)	
Profit/loss on sale & purchase of financial assets	44		(11)	n.m.	
Change in value on financial assets carried at fair value	5		0	-	
<b>OPERATING INCOME</b>	<b>2,184</b>	<b>108</b>	<b>2,036</b>	<b>7.3%</b>	<b>2.0%</b>
Net value adjustment for impairment of loans	(145)		(282)	(48.6%)	
Net value adjustment for impairment of financial assets	2		(20)	n.m.	
Net provisions for risks and contingencies	(10)		(52)	(80.8%)	
Operating costs	(1,394)		(1,388)	0.4%	
- Personnel expenses	(915)		(886)	3.3%	
- Other administrative expenses	(492)		(469)	4.9%	
- Deprec. and amortization of fixed and intang. assets	(115)		(126)	(8.7%)	
- Other operating income/expense	128		93	37.6%	
Profit on investments carried at net equity	10		14	(28.6%)	
<b>OPERATING RESULT</b>	<b>647</b>	<b>140</b>	<b>308</b>	<b>110.1%</b>	<b>64.6%</b>
Profit from disposal of investments	1		77	(98.7%)	
<b>PROFIT BEFORE TAX</b>	<b>648</b>	<b>140</b>	<b>385</b>	<b>68.3%</b>	<b>31.9%</b>
Tax for the period	(268)		(217)	23.5%	
Profit/loss after tax from non-current assets held for sale	32		-	n.m.	
Profit/loss attributable to minority interests	(1)		(2)	(50.0%)	
<b>NET PROFIT FOR THE PERIOD</b>	<b>411</b>	<b>90</b>	<b>166</b>	<b>147.6%</b>	<b>93.4%</b>

(1) restated according to IAS/IFRS, with the exclusion of IAS 32 and 39, and on a pro-forma basis to take account of changes in the consolidation perimeter

(2) Excluding impact related to NPLs sold

# BNL Group: Balance Sheet

€ mln	30/09/05 IAS/IFRS	01/01/05 Restated <sup>(1)</sup>	% change
<b>ASSETS</b>	<b>87,332</b>	<b>81,517</b>	<b>7.1%</b>
Financial Assets	8,744	5,490	59.3%
Loans to banks	8,859	6,456	37.2%
Loans to customers	60,844	59,903	1.6%
Equity investments	132	121	9.1%
Fixed Assets and intangibles	2,602	2,593	0.3%
Non-current assets held for sale and discontinued operations	1,394	1,146	21.6%
Other Assets	4,757	5,808	(18.1%)
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>87,332</b>	<b>81,517</b>	<b>7.1%</b>
Deposits from banks	12,781	12,346	3.5%
Customer deposits	34,734	30,443	14.1%
Securities issued	26,825	25,838	3.8%
Financial liabilities	1,165	1,155	0.9%
Allowances for contingencies, risks and retirement indemnities	1,136	1,171	(3.0%)
Liabilities related to discontinued operations	1,302	1,023	27.3%
Capital and reserves	4,486	4,458	0.6%
Net profit	411	-	n.m.
Other liabilities	4,492	5,083	11.6%

(1) Fully IAS/IFRS compliant. 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, with a negative impact on net worth of €10mln

# BNL Group: 2005 Quarterly Income Statement

<i>€mln</i>	1 Q 2005	2 Q 2005	3 Q 2005
<b>NET INTEREST INCOME</b>	411	444	431
Net commissions	243	269	242
Dividend and similar income	2	7	0
Net trading/hedging result	38	19	29
Profit/loss on sale & purchase of financial assets	31	10	3
Change in value on financial assets carried at fair value	0	0	5
<b>OPERATING INCOME</b>	725	749	710
Net value adjustment for impairment of loans	(67)	(69)	(9)
Net value adjustment for impairment of financial assets	(2)	4	0
Net provisions for risks and contingencies	2	1	(13)
Operating costs	(401)	(492)	(501)
- Personnel expenses	(270)	(307)	(338)
- Other administrative expenses	(147)	(187)	(158)
- Deprec. and amortization of fixed and intangible assets	(38)	(38)	(39)
- Other operating income/expense	54	40	34
Profit on investments carried at net equity	2	4	4
<b>OPERATING RESULT</b>	259	197	191
Profit from disposal of investments	0	0	1
<b>PROFIT BEFORE TAX</b>	259	197	192
Tax for the period	(121)	(64)	(83)
Profit/loss after tax from non-current assets held for sale	0	6	26
Profit/loss attributable to minority interests	0	0	(1)
<b>NET PROFIT FOR THE PERIOD</b>	138	139	134

# BNL Group: Restated 2004 Quarterly Income Statement

<i>€mln</i>	1 Q 2004 Restated <sup>(1)</sup>	2 Q 2004 Restated <sup>(1)</sup>	3 Q 2004 Restated <sup>(1)</sup>
<b>NET INTEREST INCOME</b>	<b>377</b>	<b>375</b>	<b>385</b>
Net commissions	236	241	242
Dividend and similar income	0	6	4
Net trading/hedging result	37	120	24
Profit/loss on sale & purchase of financial assets	(4)	0	(7)
Change in value on financial assets carried at fair value	0	0	0
<b>OPERATING INCOME</b>	<b>646</b>	<b>742</b>	<b>648</b>
Net value adjustment for impairment of loans	(101)	(94)	(87)
Net value adjustment for impairment of financial assets	1	(10)	(9)
Net provisions for risks and contingencies	(5)	(33)	(14)
Operating costs	(448)	(458)	(482)
- Personnel expenses	(283)	(303)	(300)
- Other administrative expenses	(150)	(153)	(166)
- Deprec. and amortization of fixed and intangible assets	(43)	(37)	(46)
- Other operating income/expense	28	35	30
Profit on investments carried at net equity	3	4	7
<b>OPERATING RESULT</b>	<b>94</b>	<b>151</b>	<b>63</b>
Profit from disposal of investments	74	3	0
<b>PROFIT BEFORE TAX</b>	<b>168</b>	<b>154</b>	<b>63</b>
Tax for the period	(63)	(105)	(49)
Profit/loss after tax from non-current assets held for sale	0	0	0
Profit/loss attributable to minority interests	(1)	(1)	0
<b>NET PROFIT FOR THE PERIOD</b>	<b>104</b>	<b>48</b>	<b>14</b>

(1) restated according to IAS/IFRS, with the exclusion of IAS 32 and 39, and on a pro-forma basis to take account of changes in the consolidation perimeter



# Investor's Contacts

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