

SECTION 3 – RISKS OF OTHER COMPANIES

QUALITATIVE INFORMATION

The risks of other companies are essentially concentrated in the companies Romulus Funding Corporation and Duomo Funding Plc., which are asset-backed commercial paper conduits, established to support Intesa Sanpaolo's strategy of offering customers an alternative financing channel via access to the international commercial paper market. The assets originated by customers are concentrated in Duomo, leaving Romulus activity of fund-raising on the U.S. market. However, it should be noted that due to the difficult liquidity situation in the U.S. commercial paper market, as at 31 December 2012 the securities issued by Romulus had been fully subscribed by the Parent Company Intesa Sanpaolo with a nominal value of approximately 2 billion euro.

The risks associated with these entities, and more specifically, the potential interest rate and exchange rate risks arising from the operations of the two companies, must be covered in accordance with the Intesa Sanpaolo Group policy for the management of these risks.

As already indicated for Banking Group risks, risk management performs dynamic hedging on the OTC derivatives market to manage both volatility and interest rate risk, as well as listed derivatives to optimise interest rate strategies.

Companies are not generally permitted to take foreign-exchange positions.

QUANTITATIVE INFORMATION

As at 31 December 2012, the investment portfolio of vehicle Romulus included 2,224 million euro of financial instruments classified under loans to customers, all of which consisted of loans to the vehicle Duomo. The vehicle's assets are completed by financial derivatives hedging against foreign exchange risk with a positive fair value of 2 million euro as at 31 December 2012, in addition to cash and other assets of 1 million euro.

Against those assets, the vehicle issued asset-backed commercial paper (ABCP) with a nominal value of 2.2 billion euro, which, as mentioned above, were almost fully subscribed by the Parent Company Intesa Sanpaolo.

With regard to the portfolio of the vehicle Duomo, at the end of 2012 – in addition to receivables from Group banks for 1,005 million euro – this portfolio includes loans to customers for 1,096 million euro. Of these, 1,357 million euro consisted of structured credit products subscribed in the context of normal customer lending activity, the collateral for which had not shown any sign of impairment as at 31 December 2012. In portfolio, the vehicle holds quotas of a mutual fund originated by an Intesa Sanpaolo Group company with a value of 127 million euro as at 31 December 2012.