

## 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., subsidiaries included on the scope of consolidation pursuant to IFRS 10. These are asset-backed commercial paper conduits, originally 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. Nonetheless, due to the subsequent downgrading of Intesa Sanpaolo at the end of 2014, US investors gradually divested without the vehicle being able to find new third party investors with which to place the commercial papers. As at 31 December 2014, around 2.2 billion euro of the around 2.4 billion euro in securities issued by Romulus had been subscribed by the Parent Company Intesa Sanpaolo.

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 2014, the investment portfolio of vehicle Romulus included 2,361 million euro in loans to the vehicle Duomo. These are in addition to 2 million euro in positive fair value of hedging derivatives and 1 million euro in cash and other assets.

Against those assets, the vehicle issued asset-backed commercial paper (ABCP) with a nominal value of 2.4 billion euro, which, as mentioned above, were almost fully acquired by the Parent Company.

The table below shows the information and figures for the above two vehicles as at 31 December 2014.

		Vehicle data		Liquidity lines		Guarantees given		Securities issued	of which: held by the Group		
		Total assets	Cumulated losses	loan facilities	use	nature	amount	amount	amount	IAS classification	Valuation
ROMULUS FUNDING CORP.	Asset-backed commercial paper conduit	2,364 <sup>(1)</sup>	-	-	-	-	-	2,364	2,225	Loans	Amortised cost
DUOMO FUNDING CORP.	Asset-backed commercial paper conduit	2,375	-	2,416 <sup>(2)</sup>	-	-	-	-	-	-	-

(millions of euro)

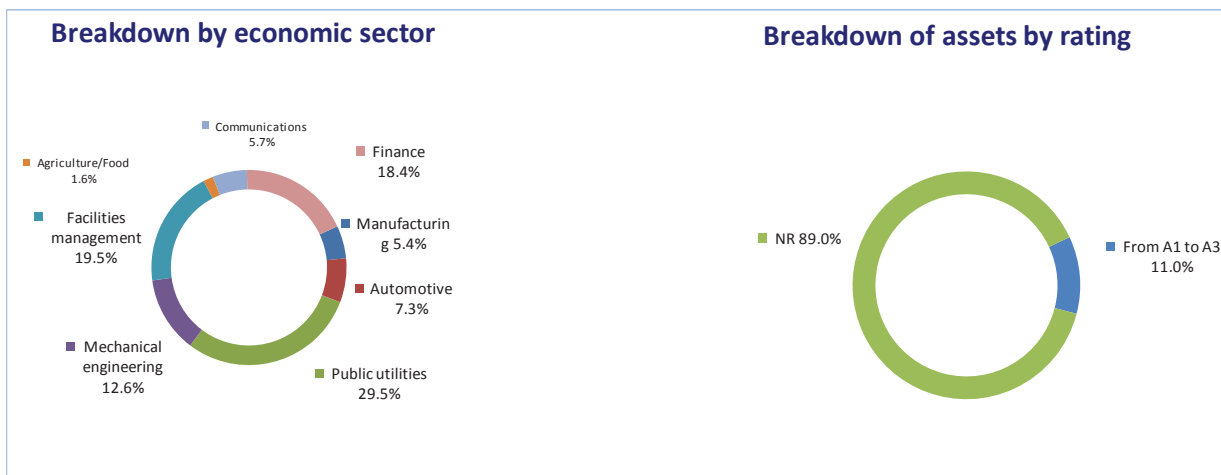
<sup>(1)</sup> Entirely made up of loans disbursed to Duomo for transactions booked in the financial statements of the vehicle.  
<sup>(2)</sup> of which 1.564 million euro referring to credit lines granted to cover loans which did not meet the criteria for derecognition pursuant to IAS 39.

At the end of 2014 the portfolio of the vehicle Duomo consisted – in addition to loans to banks of the Group of 1,571 million euro - also loans to customers of 767 million euro, fully comprised 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 2014. In portfolio, the vehicle also holds quotas of a mutual fund originated by an Intesa Sanpaolo Group company with a value of 36 million euro as at 31 December 2014.

The total assets of the conduits Romulus and Duomo, net of dealings between the two vehicles, made up 0.37% of the total consolidated assets.

The portfolio of the two vehicles is approximately 75% accounted for by commercial loans and the remainder by consumer loans (10%), by inventory-backed loans (8%), by loans deriving from lease contracts (4%) and by loans/lease contracts to pharmaceutical companies (3%). Almost all of the eligible assets held by the vehicles are expressed in euro (98.6% of the total portfolio). The remainder is denominated in US dollars.

The following information is provided concerning the portfolio of eligible assets.



The unrated share of eligible assets is structured in such a way as to obtain an implicit A/AA rating. With reference to the geographical distribution of the assets held by the two vehicles, please note that approximately 87% of the debtors are located in Italy. Please note that the uses in relation to the eligible assets in the portfolios of the Romulus and Duomo vehicles were of sufficient credit quality for the commercial papers issued by Romulus to maintain the A-3/P-2 ratings.