

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, which are asset-backed commercial paper conduit vehicles, established to support Intesa Sanpaolo's strategy of offering customers an alternative financing channel via access to the international commercial paper market.

The risks associated with these entities fall within the scope of the monitoring by Risk Management. 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 a position in foreign exchange.

Moreover, the Parent Company has defined an Investment Policy which sets out the objectives and limits of securities investments.

QUANTITATIVE INFORMATION

At the end of 2008, the investment portfolio of the vehicle Romulus included 1,624 million euro of financial instruments classified under loans to customers. Of these, 1,090 million euro consisted of loans to the vehicle Duomo and the remaining 534 million euro of securities. A part of these, with a nominal value as at 31 December 2008 of 307 million euro, were classified in the AFS portfolio at the end of 2007 and were reclassified, during 2008, in accordance with the amendments introduced by IAS 39. The exposure to the risk of these financial instruments at the time of their reclassification amounted to 262 million euro, with an adjustment of 45 million euro allocated to a specific Shareholders' Equity reserve. The fair value of the securities in question as at 31 December 2008 was 233 million euro, with a reclassification benefit of 29 million euro.

As part of the analysis of the impact of the financial crisis on structured credit products, the 307 million euro of securities was posted:

- for 9 million euro to the subprime segment;
- for 16 million euro to the "contagion" area (Multisector CDOs);
- for 282 million euro to other structured credit products.

The negative fair value differences of 45 million euro recorded as an offsetting entry in the specific Shareholders' Equity Reserve were broken down as follows:

- 3 million euro for positions included in the subprime segment;
- 4 million euro for positions in the "contagion" area (Multisector CDOs);
- 38 million euro for securities which are part of other structured credit products.

At the end of 2008, the portfolio of the Duomo vehicle was made up – in addition to the amounts due from Group banks – of 410 million euro of loans to customers, 381 million euro of which were represented by securities. The financial crisis had no significant impact on the assets held by the vehicle.