

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 conduits, 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 the Risk Management Department. 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 2009, the investment portfolio of the vehicle Romulus included 1,797 million euro of financial instruments classified under loans to customers. Of these, 1,192 million euro consisted of loans to the vehicle Duomo and the remaining 605 million euro of securities. A part of these instruments with a nominal value of 174 million euro at 31 December 2009 falls into the category of structured credit products and was reclassified from available for sale to loans and receivables. They have a risk exposure of 145 million euro and their fair value came to 93 million euro at 31 December 2009, resulting in a benefit from reclassification of 52 million euro.

In the paragraph concerning structured credit products, the 174 million euro in securities was allocated:

- for 3 million euro to the subprime segment;
- for 13 million euro to the "contagion" area (Multisector CDOs);
- for the remaining 158 million euro to other structured credit products.

At the end of 2009, the Duomo vehicle's portfolio consisted of loans to customers of 587 million euro, in addition to loans to Group banks. The financial crisis had no significant impact on the assets held by the vehicle.