

## 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 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 foreign-exchange positions.

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

### QUANTITATIVE INFORMATION

As at 31 December 2010, the investment portfolio of the vehicle Romulus included 1,485 million euro of financial instruments classified under loans to customers. Of these, 1,220 million euro consisted of loans to the vehicle Duomo and the remaining 265 million euro of securities. A part of these instruments with a nominal value of 165 million euro at 31 December 2010 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 143 million euro and their fair value came to 71 million euro at 31 December 2010, resulting in a benefit from reclassification of 72 million euro. The vehicle's assets also include cash and other assets amounting to 1 million euro.

In the paragraph concerning structured credit products, the 143 million euro in securities was allocated:

- for 3 million euro to the subprime segment;
- for 9 million euro to the "contagion" area (Multisector CDOs);
- for the remaining 131 million euro to the other structured credit products; an impairment loss of 4 million euro was recognised on one of these during 2010.

At the end of 2010, the vehicle Duomo's portfolio consisted of loans to Group banks (464 million euro to Intesa Sanpaolo and 96 million euro to Intesa Sanpaolo Bank Ireland) and loans to customers of 662 million euro. The financial crisis had no significant impact on the assets held by the vehicle.