

## 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. During 2011, there was a shift in the allocation of the assets between the two vehicles, resulting – in part due to the transfer of securities from Romulus to the Parent Company – in a concentration of the assets originated by customers in Duomo, leaving Romulus the sole activity of fundraising 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 2011 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 2011, the investment portfolio of vehicle Romulus included 1,969 million euro of financial instruments classified under loans to customers, almost all of which, 1,919 million euro, consisted of loans to the vehicle Duomo. During 2011, the securities within the scope of structured credit products, which had been present at the end of 2010, were transferred to the Parent Company Intesa Sanpaolo, at their fair values, without any impact on the consolidated income statement. The vehicle's assets are completed by financial derivatives hedging against foreign exchange risk with a positive fair value of 38 million euro as at 31 December 2011, in addition to cash and other assets of 4 million euro.

Against those assets, the vehicle issued asset-backed commercial paper (ABCP) with a nominal value of approximately 2 billion euro, which, as mentioned above, were fully subscribed by the Parent Company Intesa Sanpaolo.

At the end of 2011, the vehicle Duomo's portfolio consisted of loans to Group banks (34 million euro to Intesa Sanpaolo, 105 million euro to Intesa Sanpaolo Bank Ireland and 620 million euro to Société Européenne de Banque S.A.) and loans to customers of 1,122 million euro. Of these, 762 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 2011. In the fourth quarter of 2011, the vehicle held in portfolio quotas of a mutual fund originated by an Intesa Sanpaolo Group company with a value of 41 million euro as at 31 December 2011.