

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, 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 an unsuitable rating, the vehicle had difficulties in obtaining funding on the US market through commercial papers. As at 31 December 2013, 2.1 billion euro of the around 2.6 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 2013, the investment portfolio of vehicle Romulus included 2,650 million euro in loans to the vehicle Duomo.

Against those assets, the vehicle issued asset-backed commercial paper (ABCP) with a nominal value of 2.6 billion euro, which, as mentioned above, were almost fully subscribed by the Parent Company Intesa Sanpaolo.

With regard to the portfolio of the vehicle Duomo, at the end of 2013 – in addition to receivables from Group banks for 1,154 million euro – this portfolio includes loans to customers for 1,467 million euro. Of these, 1,237 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 2013. In portfolio, the vehicle also holds quotas of a mutual fund originated by an Intesa Sanpaolo Group company with a value of 44 million euro as at 31 December 2013.