6.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

SUMMARY OF NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PERIOD HIGHLIGHTS

The scope of consolidation and its changes to 31 December 2018 are presented in detail in note 9.3.

We note here the main transactions that were enacted in fiscal year 2018.

Capital increase reserved for Group employees

On 21 June 2018, Amundi announced the launch of a capital increase reserved for employees which had already been announced, in principle, on 9 February 2018.

The subscription period for this capital increase reserved for employees ended on 9 July 2018.

Nearly 1,000 employees from 14 countries took part in this capital increase by subscribing for 193,792 new shares (or 0.1% of the share capital) for an aggregate amount of €10 million.

Once the transaction was complete, employees owned 0.3% of the share capital, compared with 0.2% previously.

This share issue brought the number of shares comprising Amundi share capital up to 201,704,354 shares.

Share buyback programme

On 20 November 2018, Amundi announced in a press release the launch of its share buyback programme as part of the performance share award plan implemented for key managers in the Group.

This programme, which could extend to 15 November 2019, involves the purchase of around 2 million shares (at a maximum price of €100 per share).

Note 1 Principles and methods

1.1 APPLICABLE STANDARDS AND COMPARABILITY

These consolidated financial statements were prepared in accordance with IAS/IFRS and the IFRIC interpretations applicable at 31 December 2018, as adopted by the European Union. The standards are available from the European Commission website at: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/financial-reporting_en

1.1.1 Standards applied on 31/12/2018

The accounting principles and methods chosen by Amundi Group to prepare its consolidated financial statements as of 31 December 2018 are identical to those used for the preparation of the consolidated statements for the year ended 31 December 2017, with the exception of the following standards, amendments and interpretations newly applicable to the 2018 fiscal period:

Standards, amendments and interpretations	Publication date by the European Union	Date of first compulsory application for fiscal periods starting from
IFRS 9 “Financial instruments” Replacement of IAS 39 “Financial instruments: recognition and measurement, impairment, hedging”	22 November 2016 (EU 2016/2067)	1 January 2018
IFRS 15 “Revenue from Contracts with Customers” Replacement of IAS 11 regarding the recognition of construction contracts and IAS 18 on recognition of ordinary income	22 September 2016 (EU 2016/1905)	1 January 2018
Amendment to IFRS 15 “Revenue from Contracts with Customers” Clarifications to IFRS 15	31 October 2017 (EU 2017/1987)	1 January 2018
IFRS improvements (2014-2016 cycle): ▪ IFRS 12 “Disclosure of interests in other entities”; ▪ IAS 28 “Investments in associates and joint ventures”; ▪ IFRS 1 “First-time adoption of international financial reporting standards”.	7 February 2018 (EU 2018/182)	1 January 2018
Amendment to IFRS 2 “Classification and measurement of share based payment transactions” Clarifications to IFRS 2	26 February 2018 (EU 2018/289)	1 January 2018
IFRIC 22 “Foreign currency transactions and advance consideration” Clarifications to IAS 21	3 April 2018 (EU 2018/519)	1 January 2018

The Amundi Group reported its IFRS financial statements in accordance with IFRS 9 “Financial instruments” and IFRS 15 “Revenue from contracts with customers” (see chapter 1.3 “Accounting principles and methods”) for the first time as of 1 January 2018.

IFRS 9 “Financial instruments”

This standard, adopted by the European Union on 22 November 2016 and published in the Official Journal of the European Union on 29 November 2016, replaces IAS 39 “Financial Instruments”.

It sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

IFRS 9 is mandatory and to be applied retrospectively beginning 1 January 2018 by adjusting the opening balance sheet as of the initial application, with, however, no obligation to restate the financial statements of the comparative 2017 period. Consequently, assets and liabilities relating to 2017 financial instruments are recognised and measured under IAS 39, as described in the accounting principles and methods presented in the financial statements at 31 December 2017.

IFRS 15 “Revenue from Contracts with Customers”

This standard applies to financial years starting on or after 1 January 2018 (in accordance with Regulation EU 2016/1905).

IFRS 15 replaces IAS 11 “Construction Contracts” and IAS 18 “Revenue”, as well as all related interpretations, IFRIC 13 “Customer Loyalty Programmes”, IFRIC 15 “Agreements for the Construction of Real Estate”, IFRIC 18 “Transfers of Assets from Customers” and SIC 31 “Barter Transactions Involving Advertising Services”. The application of IFRS 15 has had no impact on Amundi’s net income and equity.

1.1.2 Standards adopted by the EU and applicable in advance

In addition, Amundi did not choose to apply the standards and interpretations adopted by the European Union early. The first mandatory application is for fiscal periods beginning after 31 December 2018:

Standards, amendments and interpretations	Publication date by the European Union	Date of first compulsory application for fiscal periods starting from
IFRS 16 “Leases” Replacement of IAS 17 “Accounting for leases”	31 October 2017 (EU 2017/1986)	1 January 2019

IFRS 16 “Leases”

IFRS 16 “Leases” will replace IAS 17 and related interpretations (IFRIC 4 “Determining Whether an Arrangement Contains a Lease”, SIC 15 “Operating Leases – Incentives” and SIC 27 “Evaluating the Substance of Transactions in the Legal Form of a Lease”). It will apply to reporting periods beginning 1 January 2019.

The main change made by IFRS 16 has to do with accounting for lessees. IFRS 16 will require a model in respect of lessees that recognises all leases on the balance sheet, with a lease liability on the liability side representing commitments over the life of the lease, and on the asset side, an amortisable right-to-use.

In 2017, the Amundi Group started preparing to implement IFRS 16 by the deadline, integrating it into its accounting, finance, risk and purchasing functions. A first impact study regarding the implementation of the standard within the Group took place in the second half of 2017 and was based on the financial statements at 31 December 2016. All of this work continued in 2018. The Group has chosen the structural options connected with interpretation of the standard and the IT solutions necessary to enable the data processing in respect of Amundi’s leases. In the second half, it also undertook impact costings on the basis of the financial statements at 31 December 2017.

Amundi shall apply the modified retrospective method in accordance with paragraph C5(b) of IFRS 16, accounting for the cumulative effect of the initial application at the transition date (1 January 2019).

Furthermore, the Group has elected to rely on the two exemptions relating to the accounting treatment proposed by the standard in respect of the following contracts:

- short-term leases;
- leases over assets of a low value as new.

Having conducted these impact studies, Amundi does not expect the application of IFRS 16 to have a material effect on its financial statements.

As of 31 December 2018, the Group has not applied the standards and interpretations published by the IASB and not yet adopted by the European Union. They will not become compulsory until the date set by the European Union and, therefore, the Group has not adopted these as at 31 December 2018.

1.2 PRESENTATION FORMAT OF THE FINANCIAL STATEMENTS

Amundi presents its balance sheet in decreasing liquidity order. The assets and liabilities balance sheet is presented in notes 6.2.3 and 6.2.4.

The income statement is presented, by type, in note 6.2.1.

The main income statement aggregates are:

- net income, including net revenues from commissions and other customer activities (note 1.3.5) and net financial income;
- operating expenses;
- cost of risk (note 1.3.12);
- the share of net income from equity-accounted entities;
- net gains (losses) on other assets.

1.3 ACCOUNTING PRINCIPLES AND METHODS

1.3.1 Use of assumptions and estimates for the preparation of the financial statements

The preparation of the financial statements in accordance with the IFRS accounting standards implies that the Group carries out a number of estimates and retains certain assumptions it deems realistic and reasonable. The estimates relate to the identification of income and expenses and the valuation of assets and liabilities as well as the information in the notes to the financial statements.

The exercise assumes that Management applies its judgement based on the information available at the time the statements are prepared. Due to the uncertainties inherent in any valuation process, the Group revises its estimates based on information updated on a regular basis. It is therefore possible that the future results of the operations in question differ from the estimates.

Future results can be impacted by a number of different factors, notably (but not exclusively):

- national and international market activity;
- interest rate, currency, stock and credit spread fluctuations;

- the economic and political environment in certain business sectors and countries;
- changes in regulations and legislation.

The significant estimates made by the Group to prepare the financial statements relate primarily to:

- assessment of the recoverable amount of goodwill (see notes 1.4.6 and 5.13);
- appreciation of the concept of control (see note 1.4.1.1);
- the fair value measurement of financial instruments (see notes 1.3.2 and 7);
- the valuation of provisions for guarantees granted to structured funds, retirement commitments and legal and regulatory risks (see notes 1.3.2.10 and 5.14).

1.3.2 Financial instruments

1.3.2.1 Definitions

IAS 32 defines a financial instrument as any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity, *i.e.* any contract representing contractual rights or obligations to pay or receive cash or other financial assets.

Derivative instruments are financial assets or liabilities that derive their value from an underlying, which require little or no initial investment and which are settled at a future date.

Financial assets and liabilities are recognised in the financial statements in accordance with the provisions of IFRS 9 as adopted by the European Union.

IFRS 9 sets new principles governing the classification and measurement of financial instruments, impairment of credit risk and hedge accounting, excluding macro-hedging transactions.

Please note, however, that Amundi has opted not to apply the general IFRS 9 hedging accounting model. Consequently, IAS 39 continues to be applied to all hedging relationships whilst awaiting future provisions for macro-hedging.

1.3.2.2 Bases for measuring financial assets and financial liabilities

INITIAL MEASUREMENT

Upon initial recognition, financial assets and liabilities are measured at fair value as defined by IFRS 13.

Fair value as defined by IFRS 13 is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, on the primary market or on the most advantageous market.

SUBSEQUENT MEASUREMENT

After initial recognition, financial assets and liabilities are valued based on their classification, either at their fair value or at amortised cost using the effective interest rate method, as defined by IFRS 13. Derivative instruments are always measured at fair value.

Amortised cost is the amount at which the financial asset or liability is measured upon initial recognition, including the transaction costs directly attributable to their acquisition or issue, less principal repayments, plus or minus accumulated amortisation, calculated using the effective interest rate method, of any difference (discount or premium) between the initial amount and the amount at maturity.

In the case of a financial asset, the amount is, if necessary, adjusted for impairment losses.

1.3.2.3 Financial assets

CLASSIFICATION AND MEASUREMENT OF FINANCIAL ASSETS

Non-derivative financial assets (debt or equity instruments) are classified in accounting categories in the financial statements that determine their accounting treatment and their subsequent measurement method. These financial assets are classified in one of the following three categories:

- financial assets at fair value through profit or loss;
- financial assets at amortised cost;
- financial assets at fair value through equity.

The criteria for classifying and measuring financial assets depend on the nature of the financial asset, according to whether it qualifies:

- as a debt instrument (*i.e.* loans or fixed or determinable-income securities); or
- as an equity instrument (*i.e.* shares).

Debt instrument

The classification and measurement of debt instruments depends on two criteria, the management model and the analysis of contractual characteristics (unless the fair value option is used).

THE THREE MANAGEMENT MODELS:

The management model is representative of the financial asset management strategy followed by Amundi's management on order to meet its targets. The management model is specified for an asset portfolio and does not constitute an intention, on a case by case basis, for an isolated financial asset.

There are three separate management models:

- the pure hold to collect model which aims to collect contractual cash flows over the life of the assets; this model does not necessarily mean that all assets are held to contractual maturity, but asset sales are strictly controlled;
- the mixed model which aims to collect cash flows over the life of the asset and to dispose of assets; under this model, the sale of financial assets and the receipt of cash are both essential; and
- the pure disposal method whose primary objective is asset disposal.

  This model mainly relates to portfolios that aim to collect cash flows via disposals, portfolios whose performance is measured on the basis of fair value and portfolios of financial assets held-for-trading.

CONTRACTUAL CHARACTERISTICS ("SOLELY PAYMENTS OF PRINCIPAL & INTERESTS" OR "SPPI" TEST):

The "SPPI" test combines a series of criteria, examined on a cumulative basis, that make it possible to establish whether the contractual cash flows have the characteristics of a simple financing arrangement (payments of principal and interest on the principal outstanding).

The test is satisfied when the financing arrangement gives rise solely to payments of principal and where the payment of interest received reflects the time value of money, the credit risk associated with the instrument, the other costs and risks of a traditional loan agreement as well as a reasonable margin, whether the interest rate is fixed or variable.

Under a simple financing arrangement, the interest represents the cost of the passage of time, the price of the credit and liquidity risk over the period and other components related to the asset's carrying cost (*e.g.*: administrative costs *etc.*).

In some cases, this qualitative analysis is not conclusive and a quantitative analysis (or Benchmark test) is carried out. This additional analysis consists of comparing contractual cash flows for the asset under consideration and cash flows for a reference asset.

If the difference between the financial asset's cash flows and those of the reference asset is deemed to be immaterial, the asset is deemed to be a simple financing arrangement.

In addition, a specific analysis will be conducted if the financial asset was issued by *ad hoc* entities establishing an order of payment priority between financial asset holders by bundling multiple instruments together under contract and creating credit risk concentrations ("tranches").

Each tranche is given a level of subordination which specifies the order of distribution of the cash flows generated by the structured entity.

In this event, the SPPI test requires an analysis of the contractual cash flow characteristics of the asset in question and of underlying assets according to the "look-through" approach and of the credit risk carried by the subscribed tranches compared with the credit risk for the underlying assets.

The debt instrument recognition method arising from qualification of the management model combined with the SPPI test can be presented in the form of the diagram below:

Debt instruments		Management models		
		Pure hold to collect	**Mixed**	**Pure disposal**
SPPI test	**Satisfactory**	**Amortised cost**	**Fair value through recyclable equity**	**Fair value through profit or loss**
	Unsatisfactory	**Fair value through profit or loss**	**Fair value through profit or loss**	**Fair value through profit or loss**

DEBT INSTRUMENTS AT AMORTISED COST

Debt instruments are measured at amortised cost if they are eligible for the hold to collect model and if they satisfy the SPPI test.

They are recognised on the settlement/delivery date and their initial measurement also includes accrued interest and transaction costs.

This financial asset category is subject to impairment under the conditions described in the specific paragraph on "Provisions for credit risks".

DEBT INSTRUMENTS AT FAIR VALUE THROUGH RECYCLABLE EQUITY

Debt instruments are measured at fair value through equity recyclable through profit and loss if they are eligible for the mixed model and if they satisfy the "SPPI" test.

They are recognised on the trading date and their initial measurement also includes accrued interest and transaction costs.

Amortisation of any premiums or discounts and transaction costs on fixed-income securities is recognised in profit and loss using the effective interest rate method.

These financial assets are subsequently measured at fair value and changes in fair value are recorded in equity recyclable through profit and loss as an offset to outstandings (excluding accrued interest recognised in profit and loss using the effective interest rate method).

In the event of sale, these changes are transferred to profit and loss.

This financial instrument category is subject to impairment under the conditions described in the specific paragraph on "Provisions for credit risks" (without affecting the fair value carrying amount).

DEBT INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Debt instruments are measured at fair value through profit or loss under the following circumstances:

- the instruments are classified in portfolios made of financial assets held for trading or whose main objective is disposal.

  Financial liabilities held for trading are assets acquired or generated by the Company primarily with the aim of disposal in the short term or which are included in a portfolio of financial instruments managed as a unit and with the purpose of making a profit from short-term price fluctuations or an arbitrage margin. Although contractual cash flows are received during the time that Amundi holds the assets, receipt of these contractual cash flows is ancillary rather than essential;
- debt instruments that do not meet the "SPPI" test criteria. This is particularly true of UCITS;
- financial instruments classified in portfolios for which the entity chooses measurement at fair value to lessen a difference in accounting treatment in the income statement. In this case, classification of fair value through profit or loss is designated as an option.

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (taken directly to profit and loss) and including accrued interest.

They are subsequently measured at fair value and changes in fair value are recognised through profit and loss, in net earnings as an offset to outstandings.

No impairments are recognised for this category of financial assets.

Debt instruments designated at fair value through profit or loss are recorded on the trading date.

Equity instruments

Equity instruments are, by default, recognised at fair value through profit or loss, apart from an irrevocable option of classification at fair value in equity not recyclable through profit and loss (provided that such instruments are not held for trading purposes).

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets measured at fair value through profit or loss are initially recognised at fair value, excluding transaction costs (taken directly to profit and loss). They are recognised on the settlement/delivery date.

They are subsequently measured at fair value and changes in fair value are recognised through profit and loss, in net earnings as an offset to outstandings.

No impairments are recognised for this category of financial assets.

EQUITY INSTRUMENTS AT FAIR VALUE THROUGH EQUITY NOT RECYCLABLE THROUGH PROFIT AND LOSS (IRREVOCABLE OPTION)

The irrevocable option of recognising equity instruments at fair value through equity not recyclable through profit and loss is taken on a transactional level (line by line) and is applied from the initial date of recognition. These securities are recorded on the trading date.

The initial fair value includes transaction costs.

On subsequent measurements, changes in fair value are recognised in equity and may not be recycled through profit and loss. In the event of disposal, these changes are not recycled through profit and loss, the gain or loss on the disposal is recognised in equity.

Only dividends are recognised through profit and loss.

DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or group of financial assets) is fully or partially derecognised if:

- if the contractual rights to the related cash flows expire;
- or are transferred or are deemed to have expired or been transferred because they belong de facto to one or more beneficiaries and if almost all of the risks and rewards of ownership of the financial asset are transferred.

In this case, any rights or obligations created or retained at the time of transfer are recognised separately as assets and liabilities.

If the contractual rights to the cash flows are transferred, but only some of the risks and rewards of ownership as well as control are retained, the entity will continue to recognise the financial asset to the extent of its involvement in the asset.

Financial assets renegotiated for commercial reasons in the absence of the counterparty financial difficulties and with the aim of building or retaining a business relationship are derecognised on the renegotiation date. New loans to clients are recognised on that date at their fair value on the renegotiation date. Subsequent recognition is dependent on the management model and the “SPPI” test.

1.3.2.4 Financial liabilities

CLASSIFICATION AND MEASUREMENT OF FINANCIAL LIABILITIES

Balance sheet financial liabilities are classified in these two accounting categories:

- financial liabilities at fair value through profit or loss, either by type or designated as an option;
- financial liabilities at amortised cost.

FINANCIAL LIABILITIES AT FAIR VALUE BY TYPE THROUGH PROFIT OR LOSS;

Financial instruments issued primarily with a view to short-term buyback, instruments forming part of a portfolio of identified financial instruments which are managed as a unit and which show signs of having a recent short-term profit-taking profile, and derivatives (apart from some hedging derivatives) are measured at fair value by type.

Changes in the fair value of this portfolio are recognised through profit and loss.

FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AS AN OPTION

Financial liabilities meeting one of the three conditions defined by the standard may optionally be designated at fair value through profit or loss: for hybrid issues including one or more embedded derivatives, in order to lessen the distortion of the accounting treatment or in the case of groups of managed financial liabilities whose performance is measured at fair value.

This option is irrevocable and is applied, on a mandatory basis, on the date of the instrument’s initial recognition.

On the occasion of subsequent measurements, these financial liabilities are measured at fair value through profit or loss for changes in fair value unrelated to own credit risk and through equity not recyclable through profit and loss for changes in value linked to own credit risk unless this makes the accounting mismatch worse.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST

Any other liabilities meeting the definition of a financial liability (apart from derivatives) are measured at amortised cost.

This portfolio is initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

RECLASSIFICATION OF FINANCIAL LIABILITIES

The initial classification of financial liabilities is irrevocable. No subsequent reclassification is authorised.

Only re-qualification (debt instruments versus equity instruments) may take place.

DISTINCTION BETWEEN LIABILITIES AND EQUITY

The distinction between debt instruments and equity instruments is based on an analysis of the economic substance or contractual arrangements.

A financial liability is a debt instrument if it includes a contractual obligation:

- to return cash, other financial assets or a variable number of equity instruments to an entity; or
- to exchange financial assets and financial liabilities with another entity under potentially unfavourable conditions.

An equity instrument is a non-repayable financial instrument that provides a discretionary return which highlights a residual interest in a company after deduction of all financial liabilities (net assets) and which is not qualified as a debt instrument.

DERECOGNITION AND MODIFICATION OF FINANCIAL LIABILITIES

A financial liability is derecognised in full or in part:

- when it is extinguished; or
- when quantitative or qualitative analyses conclude that it has undergone a substantial change following restructuring.

Substantial modification of an existing financial liability must be recorded as the extinction of the initial financial liability and the recognition of a new financial liability (the novation). Any difference between the carrying amount of the liability that has been extinguished and the new liability will be recognised immediately through profit and loss.

If the financial liability has not been derecognised, the original effective interest rate continues. A discount/premium is immediately recognised through profit and loss on the date of the modification and is then apportioned at the original effective interest rate over the remaining life of the instrument.

1.3.2.5 Provisions for credit risk

SCOPE

In accordance with IFRS 9, Amundi recognises impairments under Expected Credit Losses or ECL) for amounts outstanding of the following:

- financial assets that are debt instruments recognised at amortised cost or at fair value through equity recyclable through profit and loss (loans and receivables, debt securities);
- guarantee commitments covered by IFRS 9 and which are not measured at fair value through profit or loss.

Equity instruments (at fair value through profit or loss or at fair value through OCI not recyclable through profit and loss) are not affected by impairment arrangements.

Counterparty risk is calculated for derivative and other instruments at fair value through profit or loss which is not pursuant to the ECL model.

CREDIT RISK AND PROVISIONING STAGES

Credit risk is defined as the risk of losses associated with the default of a counterparty leading to its inability to meet its commitments to the Group.

The credit risk provisioning process distinguishes between three different stages (Buckets):

- stage 1 (Bucket 1): from the initial recognition of the instrument (credit, debt security, guarantee, *etc.*), the entity recognises 12-month expected credit losses;
- stage 2 (Bucket 2): if the credit quality deteriorates significantly for a given transaction or portfolio, the entity recognises the losses expected to maturity (ECL to maturity);
- stage 3 (Bucket 3): when one or more default events occur in respect of the transaction or the counterparty and have a damaging effect on estimated future cash flows, the entity recognises objective evidence of impairment. Subsequently, if the conditions for classifying financial instruments in bucket 3 are not met, the financial instruments are reclassified in bucket 2, then in bucket 1, depending on the subsequent improvement in credit risk quality.

DEFINITION OF DEFAULT

The definition of default for the requirements of provisioning for ECLs is identical to that used in management and for calculating regulatory ratios. A debtor is thus considered to be in default when at least one of the following two conditions has been met:

- payment arrears generally in excess of 90 days unless special circumstances show that the arrears are due to reasons unrelated to the debtor's situation;
- the entity believes that it is unlikely that the debtor will settle its credit obligations in full without recourse to measures such as the provision of surety.

The definition of "default" is applied uniformly to all financial instruments, unless information becomes available showing that another definition of 'default' is better suited to a particular financial instrument.

An outstanding amount in default (Bucket 3) is said to be impaired when one or more events have occurred that have a harmful effect on this financial asset's estimated future cash flows. Signs of a financial asset's impairment include observable data on the following events:

- major financial difficulties experienced by the issuer or the borrower;
- a breach of contract, such as failed or late payment;
- the grant, by one or more lenders to the borrower, for economic or contractual reasons relating to the borrower's financial difficulties, of one or more favours that the lender or lenders would not have envisaged under other circumstances;
- the increasing probability of the failure or financial restructuring of the borrower;
- the disappearance of an active market for the financial asset due to financial difficulties;
- the purchase or creation of a financial asset with a big discount, which reflects the credit losses suffered.

It is not necessarily possible to single out a particular event, since the impairment of the financial asset may be the result of the combined effect of several events.

THE CONCEPT OF EXPECTED CREDIT LOSS "ECL"

ECL is defined as the probability-weighted estimate of discounted credit loss (principal and interest). It is the actual value of the difference between contractual cash flows and expected cash flows (principal and interest).

The ECL approach aims to allow expected credit losses to be recognised as early as possible.

Governance and measurement of ECLs

Governance of the system used to measure IFRS 9 parameters is based on the organisation put in place under the Basel framework. The Group's Risks Department is responsible for defining the methodological framework and oversight of the system of loss provisioning.

The Group prioritises the internal rating system and current Basel processes when generating the IFRS 9 parameters needed to calculate ECLs. Assessment of the change in credit risk is based on an expected loss model and extrapolation based on reasonable scenarios. All available, relevant, reasonable and supportable information must be used, including forward-looking information.

The calculation formula incorporates the parameters of probability of default, loss in the event of default and exposure at the time of default.

These calculations are based on internal models applied within a regulatory framework where this exists, but with restatements to determine an economic ECL. IFRS 9 recommends a Point in Time analysis while taking account of historic loss data and Forward Looking macroeconomic data, whilst the prudential viewpoint is analysed Through The Cycle for the probability of default and at the lowest point of the cycle (Downturn) for losses in the event of default.

This accounting approach also results in the recalculation of certain Basel parameters to neutralise internal recovery costs or the floors imposed by the regulator in the regulatory calculation of Loss Given Default or LGD.

ECL calculation methods must be assessed according to product type: financial instruments and off-balance sheet instruments.

12-month expected credit losses are a portion of the lifetime expected credit losses and represent the cash flow shortfalls caused by default within 12 months of the reporting date (or a shorter period if the financial instrument's lifetime is expected to be less than 12 months), weighted by the probability of default.

Expected credit losses are discounted using the EIR determined at the financial instrument's initial recognition.

IFRS 9 parameters are determined and updated in line with the methodologies defined by the Group, thereby enabling a base level, or shared basis for provisioning to be established.

The models and parameters used are backtested at least once a year.

Significant deterioration in credit risk

On each reporting date, all Group entities must assess the deterioration of the credit risk for each financial instrument since its initial recognition. This assessment of the change in credit risk leads entities to categorise their transactions by risk rating (Buckets).

To assess significant deterioration, the Group operates a process based on 2 levels of analysis:

- an initial level depending on Group rules and relative and absolute criteria imposed on Group entities;
- a second level relating to the assessment, certified by an expert for local Forward Looking data, of the risk carried by each entity on its portfolios that may lead the Group to adjust its criteria for downgrading to Bucket 2 (portfolio or sub-portfolio switching to ECL at maturity).

All financial instruments, without exception, are monitored for significant deterioration. No contagion is required to switch financial instruments from the same counterparty from Bucket 1 to Bucket 2. Monitoring significant deterioration must take account of changes to the main debtor's credit risk, without taking account of the warranty.

For outstandings comprising small loans and receivables with similar characteristics, the counterparty by counterparty review may be replaced by a statistical estimate of expected losses.

To measure significant deterioration in credit risk since initial recognition, it is necessary to recover the initial internal rating and PD (probability of default).

The date of origination is understood to be the trading date, when the entity becomes party to the contractual provisions of the financial instrument. For financing and guarantee commitments, the date of origination is understood to be the irrevocable commitment date.

For outstandings (other than securities) for which internal rating systems have been constructed (in particular, exposures monitored using authorised methods), the Amundi Group considers that all the information incorporated in such rating systems allows for a more relevant assessment than the sole criterion of payments more than 30 days past due.

If the deterioration since the date of origination ceases to be recorded, the impairment may return to 12-month expected credit losses (Bucket 1).

To compensate for the fact that some factors or signs of significant deterioration cannot be identified at the level of an individual financial instrument, the standard authorises the assessment of significant deterioration for portfolios, groups of portfolios or portions of portfolios of financial instruments.

The construction of portfolios to assess deterioration on a collective basis may result in common characteristics such as:

- the type of instrument;
- the credit risk rating (including the internal Basel II rating for entities with an internal rating system);
- the type of collateral;
- the initial recognition date;
- the remaining term to maturity;
- the value of collateral relative to the financial asset if it has an impact on the probability of a default occurring (for example, non-recourse loans in some jurisdictions or loan-to-value ratios).

Groupings of financial instruments for the purpose of assessing changes in credit risk on a collective basis may change over time as new information becomes available.

For securities, Amundi uses an approach that consists of applying an absolute level of credit risk in accordance with IFRS 9, beyond which exposures are classified in Bucket 2 and provisioned on the basis of ECL at maturity.

The following rules will apply for monitoring the significant deterioration of securities:

- securities ranked as Investment Grade securities on the reporting date, will be classified in Bucket 1 and provisioned on the basis of a 12-month ECL;
- securities ranked as Non-Investment Grade (NIG) securities, on the reporting date, must be monitored for significant deterioration, since the date of origination, and be classified in Bucket 2 (ECL at maturity) in the event of a significant deterioration in credit risk.

Relative deterioration must be assessed upstream of the occurrence of a proven default (Bucket 3).

Non-recoverability

When a receivable is deemed to be irrecoverable, *i.e.* there is no hope of recovering all, or part, of the receivable, the amount deemed to be irrecoverable must be derecognised and written off.

Assessment of the time taken to write the receivable off is based on expert judgement. Each entity must set the write-off time, with the Risks Department, depending on how much information it has on its business. Prior to any write-offs, Bucket 3 provisioning must be made (apart from financial assets at fair value through profit or loss).

For loans at amortised cost or at fair value through equity recyclable through profit and loss, the amount written off is recorded under cost of risk for the principal and under net financial income for the interest.

1.3.2.6 Financial derivatives

CLASSIFICATION AND MEASUREMENT

Derivative instruments are financial assets or liabilities classified, by default, as derivative instruments held for trading, unless they can be classified as derivative hedging instruments.

They are recorded in the balance sheet at their initial fair value on the trading date.

They are subsequently measured at fair value.

On every reporting date, any change in the fair value of derivatives on the balance sheet is recorded:

- in profit and loss for derivative instruments held-for-trading or as fair value hedges;
- in equity recyclable through profit and loss if these are derivative instruments used to hedge cash flows or a net investment in a foreign operation, for the effective portion of the hedge.

HEDGE ACCOUNTING

GENERAL FRAMEWORK

In accordance with the Group's decision, Amundi does not apply the "Hedge accounting" section of IFRS 9 in line with the option given by the standard. All hedging relationships will continue to be documented in accordance with IAS 39 rules until, at the latest, the fair value macro-hedging text is adopted by the European Union. The eligibility of financial instruments for hedge accounting under IAS 39 takes into consideration IFRS 9 principles governing the classification and measurement of financial instruments.

Under IFRS 9, and in consideration of IAS 39 hedging principles, debt instruments at amortised cost and at fair value through equity recyclable through profit and loss are eligible for fair value hedging.

DOCUMENTATION

Hedging relationships must comply with the following principles:

- the aim of fair value hedges is to protect against exposure to changes in fair value of a recognised asset or a liability or an unrecognised firm commitment, due to the risk(s) hedged and which may affect the profit and loss (for example, hedging of all or some changes in fair value due to interest rate risk on a fixed-rate debt);
- cash flow hedging is intended to provide protection from exposure to future changes in cash flows from a recognised asset or liability or a transaction that is considered to be highly probable and which could (in the case of a forecast transaction that has not yet been performed) affect the profit and loss (for example, hedging of changes in all or some future interest payments on a floating-rate debt);
- hedging of a net investment in a foreign operation is intended to provide protection from the risk of an adverse movement in fair value arising from the foreign exchange risks associated with a foreign investment in a currency other than the euro which is Amundi's reporting currency.

Hedges must also meet the following criteria in order to be eligible for hedge accounting:

- the eligibility of the hedging instrument and the hedged instrument;
- there must be formal documentation from inception, including the individual identification and characteristics of the hedged item and of the hedging instrument, the nature of the hedging relationship and the type of risk hedged;
- the effectiveness of the hedge must be demonstrated at inception and, retrospectively, by testing at each reporting date.

For interest rate hedges for financial asset or liability portfolios, the Amundi Group favours documentation of fair value hedging as permitted under IAS 39 adopted by the European Union (carve out version). In particular:

- the Group documents these hedging relationships on the basis of the gross position of derivative instruments and hedged items;
- the effectiveness of these hedging relationships is evidenced by means of timelines.

MEASUREMENT

The change in value of the derivative at its fair value is recognised as follows:

- fair value hedge: the change in value of the derivative is recognised in profit and loss symmetrically with the change in value of the hedged item in the amount of the hedged risk. Only the net amount of any ineffective portion of the hedge is recognised in profit and loss;
- cash flow hedge: the change in value of the derivative is recognised in the balance sheet as a counterparty to a specific account in gains and losses recognised directly in equity for the effective portion, and any ineffective portion of the hedge is recognised in profit and loss. Any profits or losses on the derivative accrued through equity are then recycled in profit and loss when the hedged cash flows occur;
- hedges of a net investment in a foreign operation: the change in value of the derivative is recognised in the balance sheet as a counterparty to the translation adjustment in equity and any ineffective portion of the hedge is recognised in profit and loss.

When the conditions for benefiting from hedge accounting are no longer met, the following accounting treatment must be applied prospectively:

- fair value hedge: only the hedging instrument continues to be revalued as a counterparty to profit and loss. The hedged item is wholly accounted for according to its classification. For debt instruments at fair value through equity recyclable through profit and loss, changes in fair value subsequent to the end of the hedging relationship are recorded, in full, in equity. For hedged items valued at amortised cost, which were interest rate hedges, the revaluation adjustment is amortised over the remaining life of those hedged items;
- cash flow hedge: the hedging instrument is valued at fair value through profit or loss. The amounts accumulated in equity under the effective portion of the hedge remain in equity until the hedged element affects profit and loss. For interest rate hedged items, net income is allocated according to the payment of interest. The revaluation adjustment is therefore amortised over the remaining life of those hedged items;
- hedging of a net investment in a foreign operation: the amounts accumulated in equity in respect of the effective portion of the hedging remain in equity while the net investment is held. The income is recorded once the net investment in the foreign operation exits the scope of consolidation.

1.3.2.7 Determining the fair value of financial instruments

The fair value of financial instruments is determined by maximising the use of observable input data. It is presented using the hierarchy defined by IFRS 13.

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, on the primary market or on the most advantageous market.

Fair value applies individually to each financial asset and financial liability. It can, exceptionally, be estimated by portfolio if the management and risk monitoring strategy allow and if appropriately documented. Accordingly, certain fair value parameters are calculated on a net basis when a group of financial assets and financial liabilities is managed on the basis of its net exposure to market or credit risks. This is the case for the CVA calculation (Credit Valuation Adjustment) and the DVA calculation (Debit Value Adjustment).

Amundi believes that quoted prices published in an active market are the best evidence of fair value.

When such quoted prices are not available, fair value is established by using valuation techniques that maximise the use of relevant observable data and minimise the use of unobservable data.

FAIR VALUE OF STRUCTURED ISSUES

In accordance with IFRS 13, Amundi values its structured issues by integrating the issue spread of the guarantor.

COUNTERPARTY RISK ON DERIVATIVE INSTRUMENTS

In application of IFRS 13, Amundi incorporates into fair value the assessment of counterparty risk for derivative assets (Credit Valuation Adjustment or CVA) and, using a symmetrical treatment, the non- performance risk for derivative liabilities (Debit Valuation Adjustment or DVA or own credit risk).

CVA makes it possible to determine expected counterparty losses from Amundi's perspective. DVA enables expected losses on Amundi to be determined from the counterparty's perspective.

For derivatives carried out with market counterparties, the CVA/DVA calculation is based on an estimate of losses expected given the probability of default and the loss in the event of default. The methodology used maximises the use of observable market data. It is primarily based on market data such as registered and listed CDS (Credit Default Swaps) or Single Name CDS or index CDS in the absence of named counterparty CDS. Under certain circumstances, historical default data may also be used.

For derivatives contracted by Amundi and the funds, no CVA/DVA is calculated, given that there is no historical default data and the guarantee provided by Amundi to the funds.

FAIR VALUE HIERARCHY

The standard classifies fair value into three levels based on the observability of inputs used in valuation techniques.

LEVEL 1: FAIR VALUE CORRESPONDING TO QUOTED PRICES (UNADJUSTED) IN ACTIVE MARKETS

Level 1 is composed of financial instruments that are directly quoted in active markets for identical assets and liabilities that the entity can access at the measurement date. These are stocks and bonds quoted in active markets (such as the Paris Stock Exchange, the London Stock Exchange, the New York Stock Exchange, *etc.*) and shares in investment funds listed on an active market and derivatives traded on an organised market, in particular futures.

A market is deemed to be active if quoted prices are readily and regularly available from an exchange, broker, dealer, pricing service or regulatory agency, and the prices represent actual and regularly occurring market transactions under normal competitive conditions.

For financial assets and liabilities with offsetting market risks, Amundi uses mid-prices as the basis for establishing the fair value of the positions. The current bid price is applied to assets held or liabilities to be issued (open long position) and the current asking price to assets to be acquired or liabilities held (open short position).

LEVEL 2: FAIR VALUE MEASURED USING DIRECTLY OR INDIRECTLY OBSERVABLE INPUTS OTHER THAN THOSE IN LEVEL 1

These data are directly observable (*i.e.* prices) or indirectly observable (data derived from prices) and generally meet the following criteria: they are data not specific to the entity, which are publicly available/ accessible and based on a market consensus.

Level 2 consists of:

- stocks and bonds listed on an inactive market or unlisted on an active market, but for which fair value is established using a valuation methodology habitually used by market participants (such as the method of discounting future cash flows or the Black & Scholes method) and based on observable market data;
- instruments traded over the counter, the fair value of which is measured with models using observable market data, *i.e.* which can be obtained from several sources independent of internal sources on a regular basis. For example, the fair value of interest rate swaps is generally derived from the yield curves of interest rates based on market interest rates as observed at the reporting date.

When the models used are consistent with standard models and on observable market data, (such as yield curves or implied volatility ranges), the initial margin generated on the instruments valued in this way is recognised in profit and loss from inception.

LEVEL 3: FAIR VALUE FOR WHICH A SIGNIFICANT NUMBER OF THE PARAMETERS USED FOR DETERMINATION ARE NOT BASED ON OBSERVABLE CRITERIA

In the case of some complex instruments which are not traded in an active market, fair value measurement is based on valuation techniques that use assumptions not supported by data observable on the market for an identical instrument. These instruments are presented in Level 3.

These are mainly complex rate products, equity derivatives and structured credit products whose valuation requires, for example, correlation or volatility parameters that cannot be directly compared to market data.

The initial transaction price is deemed to reflect the market value and recognition of the initial margin is deferred.

The margin generated on these structured financial instruments is generally recognised in profit and loss spread over the period during which the parameters are deemed to be unobservable. When the market data become observable, the margin remaining to be spread is immediately recognised in profit and loss.

The valuation methodologies and models used to value the financial instruments presented in Levels 2 and 3 incorporate all factors that market participants use to calculate prices. They must first be validated by independent audit. Determination of the fair value of these instruments takes into account both the liquidity risk and the counterparty risk.

1.3.2.8 Offsetting of financial assets and financial liabilities

In accordance with IAS 32, Amundi offsets a financial asset and a financial liability and reports the net amount when, and only when, it has a legally enforceable right to offset the amounts reported and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The effect of this offsetting is presented in table 3.4. on the amendment to IFRS 7 on disclosures regarding the offsetting of financial assets and financial liabilities.

1.3.2.9 Net gains or losses on financial instruments

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

For financial instruments at fair value through profit or loss, this heading includes the following income statement items:

- dividends and other revenue from equities and other variable-income securities classified under financial assets at fair value through profit or loss;
- changes in fair value of financial assets or liabilities at fair value through profit or loss;
- gains and losses on disposal of financial assets at fair value through profit or loss;
- changes in fair value and gains and losses on disposal or termination of derivative instruments not included in a fair value hedging relationship or cash flow hedge.

This heading also includes the ineffective portion of hedging transactions.

NET GAINS OR LOSSES ON FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH EQUITY

For financial assets at fair value through equity, this heading includes the following income statement items:

- dividends from equity instruments classified as financial assets at fair value through equity not recyclable through profit and loss;
- gains and losses on disposals as well as net income associated with the termination of the hedging relationship on debt instruments classified as financial assets at fair value through equity recyclable through profit and loss;
- net income on disposals or termination of fair value hedging instruments for financial assets at fair value through equity where the item being hedged is sold.

1.3.2.10 Financial guarantees given

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due under the original or amended terms of a debt instrument.

Financial guarantee contracts are initially measured at fair value, then subsequently at the higher of:

- the amount of impairment losses determined under the IFRS 9 section on "Impairment";
- the amount initially recognised less, where appropriate, cumulative revenue recognised in accordance with IFRS 15 "Revenue from contracts with customers".

For Amundi, the financial guarantees given are funds where capital or performance is guaranteed.

1.3.3 Provisions

Amundi identifies all obligations (legal or constructive) resulting from a past event for which it is probable that an outflow of resources will be required to settle the obligations, and for which the due date or amount of the settlement are uncertain but can be reliably estimated. If required, the estimates are discounted when the effect is significant.

This obligation can be legal, regulatory or contractual. It can also result from the Group's practices or from commitments that created a legitimate expectation on the part of third parties involved that the Group will assume certain liabilities.

If no reliable evaluation of the amount can be made, no provisions are recognised, but information is provided in the appendix, where appropriate.

The Group creates provisions for these obligations which cover:

- operational risks;
- financing commitment execution risks;
- disputes and liabilities collateral;
- employee benefits;
- tax risks.

1.3.4 Employee benefits

These are grouped into four categories in accordance with IAS 19 "Employee benefits":

- short-term benefits such as salaries, social security contributions, annual holidays, incentives, profit sharing and bonuses are those which are expected to be paid within 12 months following the fiscal period during which the services were rendered;
- long-term benefits (long-service awards, bonuses and compensation payable 12 months or more after the close of the fiscal period);
- severance payments;
- post-employment benefits, falling into one of two categories described below: defined-benefit plans and defined-contribution plans.

1.3.4.1 Retirement plan – defined-contribution plans

There are several compulsory plans to which "employer" companies contribute. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not have sufficient assets to cover all benefits corresponding to services rendered by employees during the financial year and during prior years. Consequently, Amundi Group entities have no liabilities in this respect other than their contributions for the year ended.

1.3.4.2 Defined-benefits plans

In accordance with IAS 19, the commitments are assessed based on a set of actuarial, financial and demographic assumptions and using the Projected Unit Credit method. This method consists in allocating an expense corresponding to the rights vested over the period for each year of employment. The expense is calculated based on the future, discounted benefit.

The calculations for expenses for future social benefits are established based on assumptions for discount rates, employee turnover and changes in wages and social security contributions developed by Management.

The discount rates are determined based on the average period of commitment, that is, the weighted average of the payment dates of future benefits. The underlying index used is the iBoxx AA.

The rate of return forecast for the assets in the plans is also estimated by Management. The estimated returns are based on the projected returns for fixed-income securities including, notably, the yield on bonds.

In accordance with IAS 19 R, the rate of return is equal to the discount rate.

The provision amount is equal to:

- the current value of the commitment for the defined benefits on the closing date, calculated using the actuarial method recommended by IAS 19;
- less, if appropriate, the fair value of assets allocated to hedging the commitments. They can be represented by an eligible insurance policy. In the event that the obligation is fully hedged by a policy which exactly covers, in both amount and time, all or part of the benefits payable by virtue of the plan, the fair value of the latter is considered to be that of the corresponding obligation (*i.e.* the amount of the corresponding actuarial debt).

Amundi has taken out an "IFC" insurance policy (end-of-career allowance) with an insurance company of the Crédit Agricole Group.

With respect to commitments which are not covered, a provision to cover the retirement benefits is included in balance sheet liabilities in the "Provisions" item.

1.3.4.3 Long-term benefits

Long-term benefits are benefits which are paid to employees other than post-employment benefits, severance payments and equity-based compensation, but which are not due in full during the 12 months following the end of the fiscal period in which the corresponding services were rendered. They include, among other things, bonuses and other deferred compensation paid 12 months or more after the end of the fiscal period in which they were earned, but which are not indexed to shares.

The valuation method is similar to that used by the Group for post-employment benefits in the defined-benefits category.

The long-term benefits which can be granted by Amundi consist primarily of the allocation of bonuses whose payment will be deferred to future fiscal periods subject to the meeting of certain performance conditions set in advance and of continued employment at the time of payment to the employees to whom they were granted.

1.3.5 Commissions and revenue from contracts with customers (IFRS 15)

Most of the Group's revenue comes from third party asset management in collective or individual portfolios (dedicated funds or mandates). It is essentially based on the assets under management in managed funds.

The net fees comprise net management fees which are equal to the gross management fees received after deduction of fees paid:

- the gross management fees compensate the portfolio management services. They are primarily calculated by reference to a percentage of the outstanding amounts managed;
- the fees paid are composed of:
  - i. contractual retrocessions paid to distributors. These generally correspond to a percentage of the management fees,
  - ii. custodian and valuation agent fees, where these are paid by the asset management company, as well as a limited number of associated administrative costs such as the ETF listing fees.

The net commission is also composed of:

- fees paid to Amundi for the guarantee given to guaranteed funds or structured EMTNs. Various costs connected to the formation and the life of structured products are added to these fees;
- transfer fees paid by the funds in respect of the execution of sales and purchases of securities on behalf of funds by the Amundi trading desk;
- other fees for lower amounts, such as: entry fees, compensation for consulting services, borrowing and lending securities fees, account maintenance fees for Employee Savings Plans.

Performance fees are paid to the asset management company as provided by contract. They are computed on the basis of a percentage on the positive difference between the actual performance and the reference index as provided by contract.

Income and expenses for fees are recorded in profit and loss according to the nature of the services they represent. With regard to other types of fees, their recognition on the income statement must reflect the rate at which control of the goods or services sold is transferred to the customer.

Net income from a transaction associated with a service provision is recognised under Fees, upon transfer of control of the service provided to the customer, if this can be reliably estimated. Said transfer may be made as the service is rendered (ongoing service) or on a given date (one-off service).

- i. fees remunerating ongoing services (management fees, for example) are recorded in profit and loss according to the stage of completion of the service provided;
- ii. fees received or paid for one-off services are recorded, in full, in profit and loss when the service is provided.

The fees and commissions payable or receivable contingent upon meeting a performance target are recognised only if all of the following conditions are met:

- i. the amount of fees and commissions can be reliably estimated;
- ii. it is probable that the future economic benefits resulting from the services rendered will flow to the Company;
- iii. the stage of completion of the service can be reliably estimated; and the costs incurred for the service and the costs to complete it can be reliably estimated.

These performance fees are, therefore, recognised in profit and loss at the end of the calculation period.

1.3.6 Share-based payments (IFRS 2)

IFRS 2 "Share-based payments" requires valuation of the transactions remunerated by payment in stock and similar instruments in the profit and loss and balance sheet of the Company. The standard is applicable to transactions carried out for employees, and specifically:

- transactions whose payment is based on shares and paid in equity instruments;
- transactions whose payment is based on shares and paid in cash.

Two plans in the Amundi Group are covered by IFRS 2:

- share-based payment plans initiated by the Amundi Group of the type where settlement is made by awarding equity instruments (performance share grants). Share awards are measured at fair value at the time of the award. They are recognised in expenses under "Employee expenses" offsetting an equity account over the acquisition period of the rights;
- Crédit Agricole S.A. share subscriptions are made available to employees as part of the Company Savings Scheme. They are also covered by the provisions of IFRS 2. The shares are offered with a maximum discount of 20%. The plans have no vesting period, but include a five-year lock-up period. The benefit granted to employees is the difference between the fair value of the vested shares taking into account the lock-up condition and the acquisition price paid by the employee on the subscription date multiplied by the number of shares subscribed. The expense for the stock allocation plans settled by Crédit Agricole S.A. equity instruments is recognised in the financial statements of the entities employing the plan beneficiaries, including Amundi. The impact is recorded in personnel expenses offsetting an increase in "Consolidated reserves – Group share".

1.3.7 Current and deferred taxes

In accordance with IAS 12, the income tax expense includes all income-related taxes, whether current or deferred.

Tax liability

The standard defines current tax liability as "the amount of income tax payable (recoverable) with respect to the taxable profit (tax loss) for a reporting period". The taxable income is the profit or loss for a given fiscal period measured according to the rules set by the taxation authorities. The applicable rates and rules used to determine the current tax liability are those in effect in each country in which the Group's companies are established.

As of 1 January 2010, a tax consolidation group was set up for the French entities with Amundi Group as the head company.

The current tax liability includes all taxes on income, payable or recoverable, for which payment is not subordinated to the completion of future transactions, even if payment is spread over several years. The current tax liability must be recognised as a liability until it is paid. If the amount that has already been paid for the current year and previous years exceeds the amount due for these years, the surplus must be recognised under assets.

Moreover, certain transactions carried out by the entity may have tax consequences that are not taken into account in measuring the current tax liability. IAS 12 defines differences between the carrying amount of an asset or liability and its tax base as temporary differences.

Deferred taxes

The standard requires that deferred taxes be recognised in the following cases:

A deferred tax liability must be recognised for all taxable temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax basis, unless the deferred tax liability arises from:

- initial recognition of goodwill;
- initial recognition of an asset or a liability in a transaction that is not a business combination and that does not affect either the accounting or the taxable profit (taxable loss) at the transaction date.

A deferred tax asset must be recognised for all deductible temporary differences between the carrying amount of an asset or liability on the balance sheet and its tax basis, insofar as it is deemed probably that a future taxable profit will be available against which such deductible temporary differences can be allocated.

A deferred tax asset must also be recognised for carrying forward unused tax losses and tax credits insofar as it is probable that a future taxable profit will be available to the Group against which the unused tax losses and tax credits can be allocated.

The tax rates applicable in each country are used as appropriate.

Deferred taxes are not discounted in accordance with IAS 12.

Taxable unrealised gains on securities (FCP – mutual funds in France) do not generate any taxable temporary differences between the carrying amount of the asset and the tax basis. As a result, deferred tax is not recognised on these gains. When the securities in question are classified as available-for-sale securities, unrealised gains and losses are recognised as an offset to equity. The tax expense or savings effectively borne by the entity arising from these unrealised gains or losses is reclassified as a deduction from them.

In France, long-term capital gains on the sale of equity investments, as defined by the French General Tax Code, are exempt from tax as from the tax year commencing on 1 January 2007 (the 12% of long-term capital gains are taxed at the normally applicable rate). Accordingly, unrealised gains recognised at the end of the year generate a temporary difference requiring the recognition of deferred tax on this share.

Current and deferred tax is recognised in net income for the year, unless the tax arises from:

- either a transaction or event recognised directly in equity, during the same year or during another year, in which case it is directly debited or credited to equity;
- or by a business combination.

Deferred tax assets and liabilities offset each other if, and only if:

- the entity has a legally enforceable right to offset current tax assets against current tax assets and liabilities; and
- the deferred tax assets and liabilities concern income taxes assessed by the same tax authority:

i. either for the same taxable entity; or

ii. for different taxable entities that intend either to settle current tax assets and liabilities on a net basis, or to settle their tax assets and liabilities at the same time during each future fiscal year in which it is expected that substantial deferred tax assets or liabilities will be paid or recovered.

When tax credits on income from securities portfolios and receivables are effectively used to pay income tax due for the year, they are recognised under the same heading as the income with which they are associated. The corresponding tax charge continues to be recognised under the "Income tax charge" heading in the income statement.

However, given that the legislative intent when introducing the tax credit for competitiveness and employment (*Crédit d'impôts pour la compétitivité et l'emploi* – CICE) in France was to reduce employee expenses, Amundi chose to recognise the CICE (Article 244 quater C of the French General Tax Code, (CGI) as a reduction in employee expenses.

1.3.8 Property, plant and equipment

Amundi applies component accounting to all its property, plant and equipment. In accordance with IAS 16, the depreciable base takes account of the potential residual value of property, plant and equipment.

Operating and investment buildings, as well as equipment, are recognised at acquisition prices less accumulated depreciation, amortisation and write-downs since they were commissioned.

Depreciation

Fixed assets are depreciated based on their estimated useful lives. The main periods used are:

- fixtures and fittings 5 to 10 years straight line;
- computer hardware 3 years accelerated;
- office equipment 5 years straight-line;
- office furniture 10 years straight-line;
- technical plant 10 years straight-line;
- buildings 20 years straight-line.

Repair and maintenance costs are recorded as expenses when incurred except in cases in which they contribute to increasing productivity or the useful life of the fixed asset.

The information Amundi has about the value of its amortisable fixed assets has led it to the conclusion that write-down tests would not result in any change in the values recorded in the balance sheet.

1.3.9 Intangible assets

Intangible assets include software, sales commissions paid in advance (up front) to mutual fund distributors, as well as the intangible assets resulting from the identification of contractual rights at the time of allocation of the acquisition price of a business combination.

Purchased software is recorded on the balance sheet at acquisition price less accumulated depreciation and write-downs since acquisition.

Proprietary software is measured at production cost less accumulated depreciation, amortisation and write-downs booked since completion.

Sales commissions paid in advance to mutual fund distributors are recognised at cost.

Assets acquired from business combinations resulting from contractual rights (*e.g.* distribution agreements) are valued on the basis of corresponding future economic benefits or the potential of the expected services.

Amortisation

Intangible assets are amortised as follows:

- software: based on its estimated useful life;
- sales commissions: over the duration of the contract used as the calculation basis;
- for assets acquired in business combinations resulting from contractual rights: the contract period.

1.3.10 Foreign currency transactions

A distinction is made between monetary and non-monetary items, in accordance with IAS 21.

At period end, foreign-currency denominated monetary assets and liabilities are translated in the Amundi functional currency at the closing rate. The resulting translation adjustments are recognised in profit and loss. There are two exceptions to this rule:

- for available-for-sale financial assets, only the translation adjustments calculated on an amortised cost are taken to profit and loss; the balance is recorded in equity;
- exchange adjustments on elements designated as cash flow hedges or forming part of a net investment in a foreign entity are recognised in equity.

Non-monetary items are treated differently depending on the nature of the items:

- items at historical cost are valued at the exchange rate on the transaction date;
- items at fair value are valued at the exchange rate at the end of the reporting period.

Exchange adjustments on non-monetary items are recognised:

- in profit-and-loss if the gain or loss on the non-monetary item is recorded in profit and loss;
- in equity if the gain or loss on the non-monetary item is recorded in equity.

1.3.11 Earnings per share

In accordance with IAS 33, earning per share is equal to net consolidated income divided by the weighted average number of shares in circulation during the fiscal year.

There are no dilutive instruments on Amundi's capital. The basic earnings per share is therefore identical to diluted earnings per share.

1.3.12 Cost of risk

The cost of risk is mainly composed of provisions for litigation, provisions for guaranteed funds and other provisions related to operational risk.

1.3.13 Leases

In accordance with IAS 17 "Leases", leasing transactions are analysed based on their substance and financial reality. Depending on the case, they are recognised as operating leases or financing leases.

Financial leases in the following situations have been analysed:

- the contract provides for the compulsory transfer of ownership at the end of the lease period;
- the contract contains a purchase option and the conditions of the option are such that the transfer of the ownership is highly likely at the end of the lease;
- the contract period covers most of the estimated useful life of the property leased;
- the discounted value of the total minimal amounts due stated in the contract is close to the fair value of the property.

These situations are not significant and Amundi has not recorded any transactions in this respect.

However, Amundi has signed operating leases for its operations buildings.

In the case of operating leases, the property is not recognised in the lessee's assets. The payments made for operating leases are recorded in the income statement on a straight-line basis over the lease period.

1.3.14 Non-current assets held for sale and discontinued operations

A non-current asset (or a disposal group) is classified as held-for-sale if, at close, its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

For this to be the case, the asset (or disposal group) must be available for immediate sale in its present condition and its sale must be highly probable.

The relevant assets and liabilities are shown separately on the balance sheet under "Non-current assets held-for-sale" and "Liabilities associated with non-current assets held-for-sale".

The non-current assets (or disposal group) classified as held-for-sale are measured at the lower of their carrying amount and their fair value less cost of sale. In the case of an unrealised loss, a write-down is recognised in profit and loss. They are no longer amortised when they are reclassified.

If the fair value of a disposal group less selling costs is less than its carrying amount after write-down of non-current assets, the difference is allocated to the other assets of the disposal group, including the financial assets, and is recognised under net income from held-for sale-operations.

A discontinued operation is any component that the Group has either disposed of, or is classified as held-for-sale, and which is in any of the following situations:

- it is a separate major business line or geographical area of operations;
- it is part of a single coordinated plan to dispose of a separate major business line or geographical area of operations; or
- it is a subsidiary acquired exclusively with a view to resale.

The following are disclosed on a separate line of the income statement:

- the net income from discontinued operations until the date of disposal, net of tax;
- the gain or loss recognised on the disposal or on measurement at fair value less cost of sale of the assets and liabilities constituting the discontinued operations, net of tax.

Amundi did not record any transactions covered by IFRS 5 during the 2017 and 2018 financial periods.

1.4 PRINCIPLES AND METHODS OF CONSOLIDATION

1.4.1 Consolidation scope and methods

The consolidated financial statements include Amundi's financial statements and those of all companies over which, in compliance with IFRS 10, IFRS 11 and IAS 28, Amundi exercises control, joint control or significant influence.

1.4.1.1 Definitions of control

Exclusive control over an entity is deemed to exist if Amundi is exposed to or entitled to receive variable returns as a result of its involvement in the entity and if the power it holds over this entity enables it to influence the returns. Only substantive rights (voting or contractual) are examined to assess the concept of power. Rights are considered substantive if the holder of the rights can exercise them, in practice, when decisions about the entity's relevant activities are made.

Amundi is deemed to control a subsidiary through voting rights when its voting rights give it the ability to direct the subsidiary's relevant activities. Amundi is generally considered to control a subsidiary when it holds more than half the existing or potential voting rights in an entity, whether directly or indirectly through subsidiaries, except when it can be clearly demonstrated that such ownership does not give it the power to direct its relevant activities. Control is also deemed to exist when Amundi holds half or less than half of the voting rights, including potential rights, in an entity but is able in practice to direct its relevant activities at its sole discretion, notably because of the existence of contractual arrangements, the relative size of its stake in the voting rights compared to those of other investors, or other facts or circumstances.

Control of a structured entity is not assessed on the basis of the percentage of voting rights as, by their nature, these have no effect on the entity's returns. When assessing control, consideration is given not only to contractual arrangements but also to whether Amundi was involved in creating the entity and what decisions it made at the time, what agreements were made at its inception and what risks are borne by Amundi, any rights under agreements that give the investor the power to direct relevant activities in specific circumstances only and any other facts or circumstances that indicate the investor can direct the entity's relevant activities. Where there is a management agreement, it should be established whether the manager is in practice acting as an agent (with delegated powers) or as a principal (on their own account). Accordingly, when decisions about the entity's relevant activities are taken, the indicators used to assess whether an entity is acting as agent or principal are as follows: the extent of the decision-making powers compared to the powers over the entity delegated to the manager, the compensation provided for under the contractual agreements and any substantive rights held by third parties involved in the entity that may affect the decision-making capacity of the decision maker and the exposure to the variable nature of the returns of other interests held in the entity.

Joint control is deemed to exist when there is a contractual division of control over an economic activity. Decisions affecting the entity's relevant activities require unanimous agreement of the parties sharing control.

In traditional entities, significant influence is defined as the power to influence, but not control, a company's financial and operational policies. Significant influence is assumed in cases of 20% or more ownership, directly or indirectly through subsidiaries, of the voting rights in an entity.

1.4.1.2 Control and consolidation of structured entities (special purpose entities)

The control criteria for structured entities or special purpose entities (structures created to manage an operation or a group of similar operations) are defined by IFRS 10.

Control is primarily assessed based on the following:

- the power to manage the entity's operations;
- the receipt of variable revenue or exposure to the entity's risks;
- the ability to influence the revenue earned by the entity and the risks.

These provisions are applicable to the funds held or guaranteed by Amundi, in particular.

FUNDS HELD BY GROUP COMPANIES

With respect to the fund units held by Group companies, Amundi's Management assesses the existence of control based on two criteria:

- the threshold at which the holding company can be considered primary:
  - *i.e.* in the event of a direct holding in the fund above 35%, or
  - in the event of a direct holding in the fund above 20% together with the sharing of performance fees between the management company and investors such that total Amundi revenue from the fund is greater than 35%;
- the durable nature of the investment, established in the event of a holding greater than the above thresholds for a period longer than one year.

Under this analysis, cases of control of a fund by a company within the scope are limited and only involve dedicated funds and certain fund holdings for seed money.

FUNDS GUARANTEED BY AMUNDI

Amundi provides guarantees to funds managed by the Group (see note 9.5):

- structured and formula-based funds;
- "portfolio insurance" funds.

The analysis conducted leads to the conclusion that there is no control as defined by IFRS 10 criteria and that the funds are therefore not consolidated.

Once the structure of formula-based funds is established, they are managed passively and subject to the regulatory constraints of regulators (AMF, ESMA). This passive, directed management and the internal management rules (careful selection of exposures to credit risk, strict management of the turnover of assets held by the fund) limit Amundi's exposure to variable returns.

Likewise, portfolio insurance fund structuring is closely monitored and this significantly limits the guarantor's exposure:

- investors who generally have immediate rights to the returns of the funds' assets: Amundi's exposure to market risk is low; it is essentially tied to dynamic assets and is further reduced by internal management rules (very prudent assessment of risk exposure, strict liquidity and diversification controls);
- exposure to credit risk: essentially tied to monetising assets, it is governed by the same restrictions as those applied to formula-based funds and reflects a high level of caution at issuer selection time.

1.4.2 Basis of consolidation

Consolidation methods are defined in IFRS 10 and the revised IAS 28. They result from the type of control exercised by Amundi over the entities that can be consolidated, regardless of activity or whether or not they have legal entity status:

- full consolidation, for controlled entities;
- equity method, for entities over which Amundi exercises significant influence or joint control.

FULL CONSOLIDATION

Full consolidation consists in substituting for the value of the shares each of the assets and liabilities carried by each subsidiary.

EQUITY METHOD

The equity method consists in substituting for the value of shares the Group's proportional- share of the equity and income of the companies in question. The change in the carrying amount of the shares includes changes in goodwill.

NON-CONTROLLING INTERESTS

The equity and income attributable to non-controlling interests is presented separately in the consolidated balance sheet and income statement.

Non-controlling interests are as defined by IFRS 10. They incorporate instruments representing present ownership interests and that give right to a proportional share of the net assets in the event of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

1.4.3 Restatements and eliminations within the Amundi Group

The impact of the Group's internal transactions on the consolidated balance sheet and income statement is eliminated for fully consolidated entities.

Capital gains -or losses arising from intra-Group asset transfers are eliminated. Any potential lasting impairment measured at the time of disposal in an internal transaction is recognised.

1.4.4 Translation of the financial statements of foreign subsidiaries

Consolidated statements are prepared in euros.

The financial statements of foreign subsidiaries are converted into euros in two steps:

- if applicable, the local currency in which the financial statements are prepared is translated into the functional currency (currency of the main business environment in which the entity operates). The translation is made as if the information had been initially recognised in the functional currency (same translation principles as for foreign currency translations);

- the functional currency is translated into euros, the currency in which the Group's consolidated financial statements are presented. Assets and liabilities are translated at the closing rate. The income and expenses included in the income statement are translated at the average exchange rate for the period. Exchange adjustments for assets, liabilities and income statement items are recorded under a specific item in equity. These exchange differences are recognised as a profit or loss at the time of the total or partial disposal of the entity. In the event of the sale of a subsidiary (exclusive control), the reclassification from equity to income will only take place in the event of a loss of control.

1.4.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. On the date of acquisition, the identifiable assets, liabilities and contingent liabilities of the acquired entity which meet IFRS 3 conditions for recognition are recognised at their fair value. Notably, restructuring liabilities are only recognised as a liability of the acquired entity if, at the date of acquisition, it is under an obligation to carry out the restructuring.

Earn-out clauses are recognised at fair value even if their application is not probable. Subsequent changes in the fair value of financial liability clauses are recognised in profit and loss. Only earn-out clauses for transactions where control was obtained at the latest by 31 December 2009 can still be recorded against goodwill, because these transactions were accounted for under IFRS 3 before the revision.

Non-controlling interests representing shares of current interests giving rights to a share of the net assets in the event of liquidation may be measured in one of two ways at the purchaser's choice:

- at fair value on the date of acquisition;
- at the share of the identifiable assets and liabilities of the acquired company revalued at fair value.

The option may be exercised acquisition by acquisition.

The balance of non-controlling interests (equity instruments issued by the subsidiary and not held by the Group) must be recognised at fair value on the acquisition date.

In accordance with IFRS 3, the initial valuation of the assets, liabilities and contingent liabilities can be revised within a maximum of 12 months from the acquisition date.

The transferred consideration at the time of a business combination (acquisition cost) is measured as the total of fair values transferred by the purchaser, on the acquisition date, in exchange for control of the acquired entity (for example: cash, equity instruments).

The costs directly attributable to the business combination must be recognised as expenses, separately from the business combination. If there is a very strong possibility that the transaction will occur, they are recognised under the heading "Net gains or losses on other assets"; otherwise, they are recognised under "General operating expenses."

The difference between the sum of the cost of acquisition and non-controlling interests and the net balance on the date of acquisition of acquired identifiable assets and liabilities taken over, valued at their fair value, is recognised and, when it is positive, on the assets side of the consolidated balance sheet under the heading "Goodwill" when the acquired entity is fully consolidated, and under the heading "Investments in equity-accounted entities" when the acquired company is consolidated using the equity method of accounting. Any negative change in the value of goodwill is recognised immediately in profit and loss.

Goodwill is carried on the balance sheet at its initial amount in the currency of the acquired entity and translated at the closing rate at the end of the reporting period.

When control is taken by stages, the interest held before taking control is revalued at fair value through profit or loss at the date of acquisition and the goodwill is calculated once, using the fair value at the date of acquisition of acquired assets and liabilities taken over.

In the event of an increase in Amundi's percentage of interest in an entity already exclusively controlled, the difference between the acquisition cost and the share of net assets acquired is recognised under "Consolidated reserves, Group share." In the event that the Amundi percentage of ownership interest in an entity that remains under its exclusive control declines, the difference between selling price and the carrying amount of the share of net assets sold is also recognised under "Consolidated reserves, Group share." The expenses arising from these transactions are recognised in equity.

1.4.6 Goodwill impairment

Goodwill is tested for impairment whenever there is objective evidence of a loss of value, and at least once a year. IAS 36 requires that impairment on goodwill be determined by reference to the recoverable value of the Cash Generating Unit (CGU) or CGU group to which it belongs.

Cash Generating Units are defined as the smallest identifiable group of assets and liabilities generating incoming cash independently of cash generated by other asset groups. Amundi's organisation is defined by a very high centralisation and interdisciplinarity of the functions inherent to asset management. This centralisation and integration translate into the following organisational principles: an integrated platform, cross-functional investment products and solutions, interlinked sales and key interdisciplinary functions. This organisation has resulted in the identification of a single CGU. Therefore, goodwill is tested at the Group level in accordance with the provisions of IAS 36.

The recoverable value of the CGU is defined as the higher of market value and value in use. The value in use is the present value of the estimated future cash flows of the CGU, as set out in medium-term business plans prepared by the Group for its management purposes.

When the recoverable amount is lower than the carrying amount, a corresponding impairment is recognised for the goodwill allocated to the CGU or CGU group. The impairment is irreversible.

Note 2 Financial management, risk exposure and hedging policy

The description of these policies and commentary are presented in chapters 4 and 5, allowed by IFRS 7. The accounting breakdowns are still presented in the financial statements.

As a credit institution, Amundi is subject to French prudential regulations, which implement in French law the provisions of the European directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms. Amundi has managed its capital so as to satisfy the levels of regulatory capital defined in the European Directive 2013/36 (CRD IV) and European Regulation 575/2013 (CRR) since 1 January 2014 and required by the relevant authorities, the European Central Bank and the *Autorité de contrôle prudentiel et de résolution* (ACPR) to cover risk-weighted assets in terms of credit risks, operational risks and market risks.

Regulatory capital, calculated on Amundi's scope of consolidation, breaks down into three categories: Common Equity Tier 1 capital (CET1), Additional Tier 1 capital (AT1) and Tier 2 capital consisting of equity and debt instruments, to which various adjustments are made. Regulatory capital is obtained from accounting shareholders' equity. The adjustments made (prudential filters) mostly involve deducting goodwill and intangible assets (net of deferred taxes).

Amundi principally holds CET1 capital, consisting of share capital and undistributed reserves. As part of the financing of the Pioneer acquisition, Amundi issued Tier 2 capital in the amount of €300 million in 2017, maturing in 2027.

Amundi met all regulatory requirements in effect as at 31 December 2018, as it did in 2017.

Note 3 Contractual maturity of Amundi financial assets and liabilities

The contractual maturity of Amundi's financial assets and liabilities is as follows for the three fiscal periods presented: the financial asset and liability balances are shown by contractual maturity date. Equities, funds and other variable-income securities do not have a contractual maturity and are shown in the "Indefinite" column.

The Group has a portfolio of money market investments and current accounts to meet its liquidity requirements.

	31/12/2018					
In € thousands	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	Above 5 years	Indefinite	Total
Financial assets held for trading	62,242	170,852	1,000,089	1,223,202	-	2,456,385
Financial assets at fair value through profit or loss as an option	3,948	32,661	693,291	5,046,112	2,219,082	7,995,093
Total financial assets at fair value through profit or loss	**66,190**	**203,513**	**1,693,380**	**6,269,314**	**2,219,082**	**10,451,477**
Debt instruments recognised at fair value through equity recyclable through profit and loss	2,824	-	193,358	100,960	-	297,142
Equity instruments recognised at fair value through equity not recyclable through profit and loss	-	-	-	-	188,809	188,809
Total financial assets at fair value through equity	**2,824**	**-**	**193,358**	**100,960**	**188,809**	**485,951**
Financial assets at amortised cost	973,785	-	31,395	-	-	1,005,180
Total loans and receivables due from credit institutions	**973,785**	**-**	**31,395**	**-**	**-**	**1,005,180**
Financial liabilities held-for-trading	63,763	172,396	958,842	1,482,525	-	2,677,526
Financial liabilities at fair value through profit or loss as an option	-	32,661	693,291	4,806,064	-	5,532,017
Derivative hedging instruments	-	-	2,216	1,563	-	3,780
Total financial liabilities at fair value through profit or loss	**63,763**	**205,056**	**1,654,350**	**6,290,153**	**-**	**8,213,323**
Financial liabilities at amortised cost	560,323	477,332	276,000	-	-	1,313,655
Total due to credit institutions	**560,323**	**477,332**	**276,000**	**-**	**-**	**1,313,655**
Subordinated debt	-	3,826	-	300,000	-	303,826
Total subordinated debt	**-**	**3,826**	**-**	**300,000**	**-**	**303,826**

	31/12/2017					
In € thousands	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	Above 5 years	Indefinite	Total
Financial assets held for trading	99,886	280,107	1,365,070	915,247	-	2,660,310
Financial assets at fair value through profit or loss as an option	19,719	-	865,620	2,917,028	1,199,336	5,001,703
Derivative hedging instruments	-	-	143	104	-	247
Total financial assets at fair value through profit or loss	**119,605**	**280,107**	**2,230,833**	**3,832,379**	**1,199,336**	**7,662,260**
Available-for-sale financial assets	-	-	95,417	68,977	1,014,847	1,179,241
Total available-for-sale financial assets	**-**	**-**	**95,417**	**68,977**	**1,014,847**	**1,179,241**
Loans and receivables due from credit institutions	1,082,361	2,750	35,077	-	-	1,120,188
Total loans and receivables due from credit institutions	**1,082,361**	**2,750**	**35,077**	**-**	**-**	**1,120,188**
Financial liabilities held-for-trading	96,653	277,183	1,283,843	988,702	-	2,646,382
Financial liabilities at fair value through profit or loss as an option	-	-	865,620	2,907,206	-	3,772,826
Derivative hedging instruments	-	-	507	367	-	874
Total financial liabilities at fair value through profit or loss	**96,653**	**277,183**	**2,149,970**	**3,896,275**	**-**	**6,420,082**
Due to credit institutions	123,458	203,573	276,000	-	-	603,031
Total due to credit institutions	**123,458**	**203,573**	**276,000**	**-**	**-**	**603,031**
Subordinated debt	-	3,859	-	300,000	-	303,859
TOTAL SUBORDINATED DEBT	**-**	**3,859**	**-**	**300,000**	**-**	**303,859**

Note 4 Notes on net income and gains and losses recognised directly in equity

4.1 NET ASSET MANAGEMENT REVENUES

Commissions and fees breakdown as follows:

In € thousands	2018	2017
Net fee and commission income	2,491,190	2,029,096
Performance fees	114,575	174,921
TOTAL NET ASSET MANAGEMENT REVENUES	**2,605,765**	**2,204,017**

The analysis of net asset management revenue by customer segment is presented in note 9.1.

4.2 NET FINANCIAL INCOME

In € thousands	2018	2017
Interest income	6,976	11,990
Interest expense	(21,740)	(19,156)
Net interest income	**(14,764)**	**(7,166)**
Dividends received	1,427	
Unrealised or realised gains or losses on assets/liabilities at fair value through profit and loss by nature	(28,874)	(1,970)
Unrealised or realised gains or losses on assets/liabilities designated at fair value through profit and loss	13,315	25,694
Net gains/(losses) on currency and similar financial instrument transactions	(2,307)	(4,625)
Net gains or losses on financial instruments at fair value through profit or loss	**(16,440)**	**19,099**
Net gains or losses on debt instruments recognised directly in recyclable equity	-	
Recognised remuneration for equity instruments recognised in non-recyclable equity (dividends)	6,440	
Net gains and losses on financial assets at fair value through equity	**6,440**	**-**
Dividends received		7,717
Gains or losses on sales of available-for-sale financial assets		78,397
Losses on securities permanently impaired securities (equity securities)		(1,437)
Gains or losses on disposals on loans and receivables		-
Net gains and losses on available-for-sale financial assets		**84,677**
TOTAL NET FINANCIAL INCOME	**(24,764)**	**96,610**

Analysis of net gains (losses) from hedge accounting:

	2018			2017		
In € thousands	Profits	Losses	Net	Profits	Losses	Net
FAIR VALUE HEDGES						
Change in fair value of hedged items attributable to hedged risks	3,426	247	3,673	354	(247)	107
Change in fair value of hedging derivatives (including termination of hedges)	(247)	(3,426)	(3,673)	247	(354)	(107)
TOTAL GAINS (LOSSES) FROM HEDGE ACCOUNTING	**3,179**	**(3,179)**	**-**	**601**	**(601)**	**-**

4.3 OTHER NET INCOME

In € thousands	2018	2017
Other net income (expenses) from banking operations	(84,981)	(55,611)
Other net income (expenses) from non-banking operations	14,416	12,114
TOTAL OTHER NET INCOME (EXPENSES)	**(70,565)**	**(43,497)**

Other net income includes revenue from non-Group entities generated by the Amundi subsidiary that provides IT services primarily to members of the Group, along with the amortisation expense of intangible assets (distribution agreements) acquired in business combinations in the amount of €71,251 thousand at 31 June 2018 and €43,960 thousand at 31 December 2017.

4.4 OPERATING EXPENSES

In € thousands	2018	2017
Employee expenses (including seconded and temporary personnel)	(857,000)	(845,744)
Other operating expenses	(530,201)	(462,818)
Of which external services related to personnel and similar expenses	*(8,313)*	*(6,995)*
TOTAL OPERATING EXPENSES	**(1,387,201)**	**(1,308,562)**

The details regarding employee expenses are presented in note 6.2.

Other operating costs include allowances for depreciation and amortisation of property, plant and equipment and intangible assets as follows:

In € thousands	2018	2017
Net amortisation	**(27,511)**	**(22,553)**
Property, plant and equipment	(14,755)	(13,348)
Intangible assets	(12,756)	(9,206)
Net write-downs and provisions	**-**	**-**
Property, plant and equipment	-	-
Intangible assets	-	-
TOTAL PROVISIONS FOR DEPRECIATION AND AMORTISATION OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS	**(27,511)**	**(22,553)**

4.5 COST OF RISK

In € thousands	2018	2017
CREDIT RISK		
Provisions net of impairment reversals on performing assets (Buckets 1 and 2)	**(677)**	
Bucket 1: Losses assessed by expected credit losses over the next 12 months	***(922)***	
Debt instruments recognised at fair value through equity recyclable through profit and loss	(81)	
Debt instruments recognised at amortised cost	(341)	
Commitments made	(500)	
Bucket 2: Losses assessed by expected credit losses over lifetime	***245***	
Debt instruments recognised at fair value through equity recyclable through profit and loss	-	
Debt instruments recognised at amortised cost	-	
Commitments made	245	
Provisions net of impairment reversals on impaired assets (Bucket 3)	**(17,021)**	
Bucket 3: Impaired assets		
Debt instruments recognised at fair value through equity recyclable through profit and loss	-	
Commitments made	(17,021)	
Net changes in provisions for credit risk	**(17,698)**	
Provisions and write-downs		**(12,320)**
Loans and receivables		-
Other assets		(1,903)
Commitments made		(526)
Risks and charges		(9,891)
Reversal of provisions and write-downs		**2,092**
Loans and receivables		-
Other assets		346
Commitments made		141
Risks and charges		1,605
Net changes in provisions for other risks and charges	**8,174**	**(10,228)**
Other net gains (losses)	(1,724)	(3,050)
TOTAL COST OF RISK	**(11,249)**	**(13,278)**

Impairment losses corresponding to provisions for off-balance sheet commitments and recognised under cost of risk (for credit risk) are shown below:

	Performing commitments								
	Commitments with a 12-month ECL (Bucket 1)		Commitments with an ECL to maturity (Bucket 2)		Impaired commitments (Bucket 3)		Total		
In € thousands	Amount of commitment	Value adjustment for losses	Amount of commitment	Value adjustment for losses	Amount of commitment	Value adjustment for losses	Amount of commitment (a)	Value adjustment for losses (b)	Amount net of commitment (a) + (b)
AT 1 JANUARY 2018	**19,255,251**	**(1,688)**	**2,196**	**(245)**	**2,064,877**	**(12,223)**	**21,322,324**	**(14,156)**	**21,308,168**
Transfer of commitments during their lifetime from one bucket to another	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	
Transfer of 12-month ECLs (Bucket 1) to ECLs at maturity (Bucket 2)							-	-	
Return of ECLs at maturity (Bucket 2) to 12-month ECLs (Bucket 1)							-	-	
Transfers to ECLs impaired at maturity (Bucket 3)							-	-	
Return of ECLs impaired at maturity (Bucket 3) to ECLs at maturity (Bucket 2)/12-month ECLs (Bucket 1)							-	-	
TOTAL AFTER TRANSFER	**19,255,251**	**(1,688)**	**2,196**	**(245)**	**2,064,877**	**(12,223)**	**21,322,324**	**(14,156)**	**21,308,168**
Changes in commitment amounts and value adjustments for losses	**(1,331,820)**	**(500)**	**(2,196)**	**245**	**140,551**	**(16,563)**	**(1,193,465)**	**(16,818)**	
New commitments given	138,667	(187)					138,667	(187)	
Suppression of commitments							-	-	
Transfer to loss					(457)	457	(457)	457	
Changes in flows that do not result in derecognition							-	-	
Changes in credit risk parameters over the period		*(313)*		*245*		*(17,020)*	-	*(17,088)*	
Change in model/methodology							-	-	
Other	*(1,470,487)*		*(2,196)*		*141,008*		*(1,331,675)*	-	
AT 31 DECEMBER 2018	**17,923,431**	**(2,188)**	**-**	**-**	**2,205,428**	**(28,786)**	**20,128,859**	**(30,974)**	**20,097,885**

Provisions for off-balance sheet commitments are provisions granted by Amundi within the context of fund guarantees.

4.6 NET GAINS (LOSSES) ON OTHER ASSETS

In € thousands	2018	2017
Gains on disposals of tangible and intangible assets	87	57
Losses on disposals of tangible and intangible assets	(201)	(1,374)
Income from sales of securities from consolidated holdings	-	-
Net income from business combination operations	-	-
TOTAL NET GAINS (LOSSES) ON OTHER ASSETS	**(114)**	**(1,317)**

4.7 INCOME TAXES

In € thousands	2018	2017
Current tax charge	(324,019)	(303,171)
Deferred tax income (charge)	17,228	17,262
TOTAL TAX EXPENSE FOR THE PERIOD	**(306,792)**	**(285,910)**

Reconciliation between the theoretical and effective tax rates:

	2018		2017	
In € thousands	Rate	Base	Rate	Base
Pre-tax income and income from equity-accounted affiliates		1,111,873		933,973
Theoretical tax rate and expense	**34.43%**	**(382,818)**	**34.43%**	**(321,567)**
Effect of permanent differences	0.07 pts	(725)	1.21 pts	(11,274)
Effect of different tax rates on foreign entities	(5.45 pts)	60,589	(3.85 pts)	35,958
Effect of losses for the year, utilisation of losses carried forward, and of temporary differences and other items	0.03 pts	(329)	(1.15 pts)	10,750
Effect of taxation at a lower rate	(1.69 pts)	18,774	(1.38 pts)	12,928
Effect of other items	0.21 pts	(2,283)	1.36 pts	(12,704)
Effective tax rates and expenses	**27.60%**	**(306,792)**	**30.61%**	**(285,910)**

4.8 CHANGE IN GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

Net gains and losses recognised directly in equity for the 2018 fiscal year are detailed below:

Recyclable gains and losses

In € thousands	2018	2017
Translation gains and losses	**24,298**	**(46,782)**
Revaluation adjustment for the period	24,298	(46,782)
Reclassified to profit and loss	-	-
Other reclassifications	-	-
Gains and losses on debt instruments recognised under recyclable equity	**(1,845)**	
Revaluation adjustment for the period	(1,845)	
Reclassified to profit and loss	-	
Other reclassifications	-	
Gains and losses on available-for-sale assets		**(53,289)**
Revaluation adjustment for the period		22,636
Reclassified to profit and loss		(75,921)
Other reclassifications		(3)
Gains and losses on hedging derivative instruments	**-**	**-**
Revaluation adjustment for the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications	-	-
Pre-tax recyclable gains and losses recognised directly in equity of equity-accounted entities	**(7,642)**	**(6,883)**
Tax on recyclable gains and losses recognised directly in equity, excluding equity-accounted entities	**612**	**14,284**
Tax on recyclable gains and losses recognised directly in equity of equity-accounted entities	**-**	**-**
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND RECYCLABLE TO PROFIT OR LOSS AT A LATER DATE	**15,423**	**(92,669)**

Non-recyclable gains and losses

In € thousands	2018	2017
Actuarial gains and losses on post-employment benefits	**1,024**	**(773)**
Gains and losses on equity instruments recognised in equity that may not be recycled to profit and loss	**(38,657)**	
Revaluation adjustment for the period	(37,229)	
Transfers in reserves	(1,429)	
Other reclassifications	-	
Gains and losses before tax recognised directly in non-recyclable equity of equity-accounted entities	-	-
Income tax on gains and losses recognised directly in in non-recyclable equity excluding equity-accounted entities	(226)	(1,057)
Income tax on gains and losses recognised directly in non-recyclable equity of equity-accounted entities	-	-
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND NOT RECYCLABLE AT A LATER DATE	**(37,860)**	**(1,830)**
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**(22,437)**	**(94,499)**
Of which Group share	(22,435)	(94,495)
Of which non-controlling interests	(2)	(4)

Details of the tax effect on gains and losses recognised directly in equity are shown below:

	31/12/2017				01/01/2018				Change 2018				31/12/2018			
In € thousands	Gross	Tax	Net Income taxes	Net Group share	Gross	Tax	Net Income taxes	Net Group share	Gross	Tax	Net Income taxes	Net Group share	Gross	Tax	Net Income taxes	Net Group share
GAINS AND LOSSES RECOGNISED DIRECTLY IN RECYCLABLE EQUITY																
Translation gains and losses	(29,884)	-	(29,884)	(29,884)	(29,884)	-	(29,884)	(29,884)	24,298	-	24,298	24,298	(5,587)	-	(5,587)	(5,587)
Gains and losses on available-for-sale assets	32,069	(3,509)	28,560	28,560												
Gains and losses on debt instruments recognised under recyclable equity					1,138	(392)	746	746	(1,845)	612	(1,233)	(1,233)	(698)	220	(478)	(478)
Gains and losses on hedging derivative instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net gains and losses recognised directly in recyclable equity excluding equity-accounted entities	**2,185**	**(3,509)**	**(1,324)**	**(1,324)**	**(28,746)**	**(392)**	**(29,138)**	**(29,138)**	**22,452**	**612**	**23,064**	**23,064**	**(6,285)**	**220**	**(6,065)**	**(6,065)**
Net gains and losses recognised directly in recyclable equity of equity-accounted entities	(2,058)	-	(2,058)	(2,056)	(2,058)	-	(2,058)	(2,056)	(7,642)		(7,642)	(7,642)	(9,698)	-	(9,698)	(9,698)
Net gains and losses recognised directly in recyclable equity	**127**	**(3,509)**	**(3,382)**	**(3,380)**	**(30,804)**	**(392)**	**(31,196)**	**(31,187)**	**14,810**	**612**	**15,423**	**15,423**	**(15,982)**	**220**	**(15,762)**	**(15,762)**

	31/12/2017				01/01/2018				Change 2018				31/12/2018			
In € thousands	Gross	Tax	Net Income taxes	Net Group share	Gross	Tax	Net Income taxes	Net Group share	Gross	Tax	Net Income taxes	Net Group share	Gross	Tax	Net Income taxes	Net Group share
GAINS AND LOSSES RECOGNISED DIRECTLY IN NON-RECYCLABLE EQUITY																
Actuarial gains and losses on post-employment benefits	(18,481)	4,875	(13,606)	(13,576)	(18,481)	4,875	(13,606)	(13,576)	1,024	(226)	798	801	(17,457)	4,649	(12,806)	(12,773)
Gains and losses on equity instruments recognised in equity that may not be recycled to profit and loss					14,253	-	14,253	14,253	(38,657)	-	(38,657)	(38,657)	(24,408)	-	(24,408)	(24,408)
Net gains and losses recognised directly in non-recyclable equity excluding equity-accounted companies	**(18,481)**	**4,875**	**(13,606)**	**(13,576)**	**(4,228)**	**4,875**	**647**	**679**	**(37,633)**	**(226)**	**(37,860)**	**(37,857)**	**(41,865)**	**4,649**	**(37,214)**	**(37,181)**
Net gains and losses recognised directly in equity of equity-accounted entities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net gains and losses recognised directly in non-recyclable equity	**(18,481)**	**4,875**	**(13,606)**	**(13,576)**	**(4,228)**	**4,875**	**647**	**679**	**(37,633)**	**(226)**	**(37,860)**	**(37,857)**	**(41,865)**	**4,649**	**(37,214)**	**(37,181)**
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**(18,354)**	**1,365**	**(16,989)**	**(16,956)**	**(35,032)**	**4,483**	**(30,549)**	**(30,508)**	**(22,823)**	**386**	**(22,437)**	**(22,435)**	**(57,848)**	**4,869**	**(52,978)**	**(52,944)**

Note 5 Notes on the balance sheet

5.1 CASH AND CENTRAL BANKS

In € thousands	31/12/2018	31/12/2017
Cash	40	43
TOTAL CASH AND CENTRAL BANKS	**40**	**43**

5.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

In € thousands	31/12/2018	31/12/2017
Financial assets held for trading	2,456,384	2,660,310
Derivative hedging instruments	-	247
Equity instruments at fair value through profit or loss	565,912	
Debt instruments that do not meet SPPI criteria: UCITS	2,120,588	
Financial assets at fair value through profit or loss as an option	5,308,592	5,001,703
TOTAL FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**10,451,477**	**7,662,260**

5.2.1 Financial assets held for trading

In € thousands	31/12/2018	31/12/2017
Derivative trading instruments	2,456,384	2,660,310
of which, interest rate swaps	72,742	147,106
of which, stock and index swaps	2,368,854	2,509,014
TOTAL FINANCIAL ASSETS HELD FOR TRADING	**2,456,384**	**2,660,310**

This section includes the fair value of derivatives contracted by Amundi as part of its intermediation business: derivatives contracted with funds and executed with market counterparties.

5.2.2 Assets – hedging derivatives

	31/12/2018			31/12/2017		
	Market value		Notional amount	Market value		Notional amount
In € thousands	Positive	Negative		Positive	Negative	
FAIR VALUE HEDGES						
Interest rate	-	3,780	276,000	247	(874)	156,000

This heading refers to the hedges on Treasury Bills (OATs) held by Amundi in 2017 as collateral under the EMIR Regulation.

5.2.3 Other financial assets at fair value through profit or loss

In € thousands	31/12/2018	31/12/2017
Equity instruments at fair value through profit or loss	**565,912**	
Shares and other variable-income securities	467,420	448,165
Non-consolidated equity holdings	98,492	
Debt instruments that do not meet SPPI criteria		
Funds	2,120,588	1,193,900
Financial assets at fair value through profit or loss as an option		
Loans and receivables due from credit institutions	2,613,627	1,089,088
Bonds and other fixed-income securities	2,694,965	2,270,550
Treasury bills and similar securities		-
TOTAL OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	**7,995,093**	**5,001,703**

Under this heading Amundi recognises the fair value of seed money, short-term cash investments and hedging assets for EMTN issues (see note 5.3.3).

5.3 FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

In € thousands	31/12/2018	31/12/2017
Financial liabilities held-for-trading	2,677,526	2,646,382
Derivative hedging instruments	3,780	874
Financial liabilities at fair value through profit or loss as an option	5,532,017	3,772,826
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	**8,213,323**	**6,420,082**

5.3.1 Financial liabilities held-for-trading

In € thousands	31/12/2018	31/12/2017
Derivative trading instruments	2,677,526	2,646,382
of *which,* interest rate swaps	25,784	106,770
of *which,* stock and index swaps	2,635,554	2,528,928
TOTAL FINANCIAL LIABILITIES HELD FOR TRADING	**2,677,526**	**2,646,382**

This section includes the fair value of derivatives contracted by Amundi as part of its intermediation business: derivatives contracted with funds and executed with market counterparties.

5.3.2 Liabilities – hedging derivatives

See note 5.2.2 "Assets – hedging derivatives".

5.3.3 Financial liabilities at fair value through profit or loss as an option

In € thousands	31/12/2018	31/12/2017
Debt securities	5,532,017	3,772,826
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS AS AN OPTION	**5,532,017**	**3,772,826**

This section records the securities issued by EMTN issuance vehicles for customers. The nominal value of the issues was €5,737,380 thousand at 31 December 2018 and €3,667,697 thousand at 31 December 2017.

5.4 INFORMATION ON THE NETTING OF FINANCIAL ASSETS AND LIABILITIES

5.4.1 Netting – Financial assets

Effects of netting on financial assets under the master netting agreement and other similar agreements

				Other amounts that can be netted under given conditions		
Type of transaction	Gross amount liquid assets recognised before taking any netting into account	Gross amount of liabilities actually netted out	Net amount liquid assets assets shown in the condensed statements	Gross amount of financial liabilities covered by master netting agreement	Amounts of other financial instruments received as collateral, including security deposits	Net amount after taking the full effect of clearing
In € thousands	(a)	(b)	(c) = (a) - (b)		(d)	(e) = (c) - (d)
31/12/2018						
Derivatives	2,456,384	-	2,456,384	1,849,969	396,112	210,303
FINANCIAL ASSETS SUBJECT TO NETTING	**2,456,384**	**-**	**2,456,384**	**1,849,969**	**396,112**	**210,303**
31/12/2017						
Derivatives	2,656,576		2,656,576	1,460,064	900,015	296,497
FINANCIAL ASSETS SUBJECT TO NETTING	**2,656,576**	**-**	**2,656,576**	**1,460,064**	**900,015**	**296,497**

The gross amounts of the derivatives presented in the statements exclude adjustments for counterparty risks, namely, Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

5.4.2 Netting – Financial liabilities

Effects of netting on financial liabilities under the master netting agreement and other similar agreements

				Other amounts that can be netted under given conditions		
Type of transaction	Gross amount of liabilities recognised before taking any netting into account	Gross amount of assets actually netted	Net amount of financial liabilities shown in the condensed statements	Gross amount of financial assets covered by master netting agreement	Amounts of other financial instruments given as collateral, including security deposits	Net amount after taking the full effect of clearing
In € thousands	(a)	(b)	(c) = (a) - (b)		(d)	(e) = (c) - (d)
31/12/2018						
Derivatives	2,681,306	-	2,681,306	1,849,969	638,915	192,422
FINANCIAL LIABILITIES SUBJECT TO NETTING	**2,681,306**	**-**	**2,681,306**	**1,849,969**	**638,915**	**192,422**
31/12/2017						
Derivatives	2,636,572	-	2,636,572	1,460,064	783,863	392,645
FINANCIAL LIABILITIES SUBJECT TO NETTING	**2,636,572**	**-**	**2,636,572**	**1,460,064**	**783,863**	**392,645**

The gross amounts of the derivatives presented in the statements exclude adjustments for counterparty risks, Credit Valuation Adjustment (CVA) and Debit Valuation Adjustment (DVA).

5.5 FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY

In € thousands	31/12/2018
Debt instruments recognised at fair value through equity recyclable through profit and loss	**297,142**
Treasury bills and similar securities	*297,142*
Equity instruments recognised at fair value through equity not recyclable through profit and loss	**188,809**
Non-consolidated equity holdings	*188,809*
FINANCIAL ASSETS AT FAIR VALUE THROUGH EQUITY	**485,951**

At 31 December 2017, available-for-sale securities were presented as follows:

In € thousands	31/12/2017
Treasury bills and similar securities	164,394
Funds	665,398
Shares and other variable-income securities	11,441
Non-consolidated equity holdings	338,008
Available-for-sale securities	**1,179,241**
Available-for-sale receivables	-
Accrued interest	-
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,179,241**

Unrealised gains and losses on financial assets at fair value through equity

In € thousands	31/12/2018		
	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	297,142	-	(714)
Bonds and other fixed-income securities	-	-	-
Total debt instruments recognised at fair value through equity recyclable through profit and loss	**297,142**	**-**	**(714)**
Income taxes	n.a.		
NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY ON DEBT INSTRUMENTS RECOGNISED AT FAIR VALUE THROUGH EQUITY RECYCLABLE THROUGH PROFIT AND LOSS (NET OF TAX)	**N.A.**	**-**	**(714)**
Shares and other variable-income securities	-	-	-
Non-consolidated equity holdings	188,809	-	(24,408)
Total equity instruments recognised at fair value through equity not recyclable through profit and loss	**188,809**	**-**	**(24,408)**
Income taxes	n.a.	-	-
NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY ON EQUITY INSTRUMENTS RECOGNISED AT FAIR VALUE THROUGH EQUITY NOT RECYCLABLE THROUGH PROFIT AND LOSS (NET OF TAXES).	**N.A.**	**-**	**(24,408)**

5.6 FINANCIAL ASSETS AT AMORTISED COST

In € thousands	31/12/2018	31/12/2017
Current accounts and overnight loans	937,594	1,032,296
Accounts and term deposits	67,364	87,725
Accrued interest	221	167
TOTAL FINANCIAL ASSETS AT AMORTISED COST (NET VALUE)	**1,005,180**	**1,120,188**

NB: At 31 December 2017, pursuant to IAS 39, these assets were classified as "Loans and receivables due from credit institutions".

"Financial assets at amortised cost" are loans and receivables due from credit institutions primarily granted to Crédit Agricole group.

At 31 December 2018, the credit risk impairments were €2,469 thousand versus €2,128 thousand recognised at 1 January 2018 since the move to IFRS 9.

5.7 FINANCIAL LIABILITIES AT AMORTISED COST

In € thousands	31/12/2018	31/12/2017
Accounts and term deposits	1,303,586	579,350
Accrued interest	1,109	952
Current accounts	8,960	22,729
TOTAL FINANCIAL LIABILITIES AT AMORTISED COST	**1,313,655**	**603,031**

NB: At 31 December 2017, pursuant to IAS 39, these liabilities were classified as "Due to credit institutions".

The main counterparty in respect of "financial liabilities at amortised cost" is the Crédit Agricole group.

5.8 SUBORDINATED DEBT

In € thousands	31/12/2018	31/12/2017
Fixed-term subordinated debt	303,826	303,859
TOTAL SUBORDINATED DEBT	**303,826**	**303,859**

The Crédit Agricole Group is the counterparty to “subordinated debt”.

5.9 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

In € thousands	31/12/2018	31/12/2017
Current tax receivables	39,715	45,629
Deferred tax assets	154,550	155,526
TOTAL CURRENT AND DEFERRED TAX ASSETS	**194,264**	**201,155**
Current tax debt	107,683	93,779
Deferred tax liabilities	173,426	194,668
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**281,109**	**288,447**

At 31 December 2018, there were no deferred tax assets relating to the tax loss carryforwards recognised in the financial statements. The tax losses of €11,580 thousand relating to the Group’s US subsidiaries and active at 31 December 2017 have been used in the 2018 fiscal period.

5.10 ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS AND LIABILITIES

5.10.1 Accruals, prepayments and sundry assets

In € thousands	31/12/2018	31/12/2017
Miscellaneous debtors	1,537,594	1,414,273
Accrued income	551,240	520,807
Prepaid expenses	165,295	198,679
ASSETS – TOTAL ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS	**2,254,128**	**2,133,759**

Accruals, prepayments and sundry assets include management and performance fees due and the collateral paid for derivatives contracts. The collateral was recorded in balance sheet assets in the amount of €1,057,481 thousand at 31 December 2018 and €854,138 thousand at 31 December 2017.

5.10.2 Accruals, deferred income and sundry liabilities

In € thousands	31/12/2018	31/12/2017
Miscellaneous creditors	547,374	790,430
Accrued expenses	1,005,870	862,769
Unearned income	8,192	10,809
Other accruals	526,886	1,110,320
LIABILITIES – TOTAL ADJUSTMENT ACCOUNTS AND SUNDRY LIABILITIES	**2,088,322**	**2,774,328**

Accruals, deferred income and sundry liabilities include bonus debt, retrocessions payable to distributors and collateral received for derivatives contracts. The collateral was recorded in balance sheet liabilities in the amount of €465,364 thousand at 31 December 2018 and €1,041,601 thousand at 31 December 2017.

5.11 JOINT VENTURES AND ASSOCIATES

In € thousands	31/12/2018	31/12/2017
Joint ventures	12,679	12,274
Associates	251,134	168,528
ASSETS – INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES	**263,812**	**180,802**

In € thousands	31/12/2018	31/12/2017
Joint ventures	6,127	5,721
Associates	43,619	27,407
INCOME STATEMENT SHARE OF NET INCOME OF EQUITY-ACCOUNTED ENTITIES	**49,745**	**33,128**

5.11.1 Joint ventures

Amundi has a stake in a joint venture, Fund Channel. The joint venture is presented in the table below. It is the only joint venture included in the "Investments in equity-accounted entities" item.

The equity-accounted value of this joint venture was €12,679 thousand at 31 December 2018 and €12,274 thousand at 31 December 2017.

	31/12/2018			31/12/2017		
In € thousands	Equity-accounted value	Dividends paid to Group entities	Share of net income	Equity-accounted value	Dividends paid to Group entities	Share of net income
Fund Channel	12,679	5,722	6,127	12,274	4,672	5,721
NET BALANCE SHEET VALUE OF SHARES IN EQUITY-ACCOUNTED COMPANIES (JOINT VENTURES)	**12,679**		**6,127**	**12,274**		**5,721**

The summarised financial information on this joint venture is presented below:

	31/12/2018				31/12/2017			
In € thousands	NBI	Net income	Total assets	Equity	NBI	Net income	Total assets	Equity
Fund Channel	26,812	14,404	131,448	29,217	25,787	13,367	140,574	28,180

5.11.2 Associates

At 31 December 2018, the equity-accounted value of associates was €251,134 thousand and €168,528 thousand at 31 December 2017.

Amundi has holdings in 6 associates. The holdings in equity-accounted companies are presented in the table below:

In € thousands	31/12/2018			31/12/2017		
	Equity-accounted value	Dividends paid to Group entities	Share of net income	Equity-accounted value	Dividends paid to group entities	Share of net income
NH-Amundi Asset Management	23,465	2,954	3,852	22,538	3,122	3,170
State Bank of India Fund Management (SBI FM)	83,566	3,227	15,730	74,426	3,763	12,756
ABC-CA	120,722	-	19,773	35,971	-	8,583
Wafa Gestion	4,540	2,812	2,320	4,860	2,071	2,310
Tobam Holding Company & Tobam [(1)]	18,841	825	1,943	30,733	1,128	588
NET BALANCE SHEET VALUE OF SHARES IN EQUITY-ACCOUNTED COMPANIES (ASSOCIATES)	**251,134**		**43,619**	**168,528**		**27,407**

(1) Revaluation of the value calculated under the equity method, offset by the recovery of an additional amount recorded at the time of the acquisition.

The summarised financial information relating to Amundi's significant associates is presented below:

In € thousands	31/12/2018				31/12/2017			
	NBI	Net income	Total assets	Equity	NBI	Net income	Total assets	Equity
NH-Amundi Asset Management	35,432	12,840	87,719	77,231	29,753	10,568	81,546	75,126
State Bank of India Fund Management (SBI FM)	122,341	42,515	192,426	152,637	107,171	34,476	151,663	125,139
ABC-CA	108,034	59,319	420,247	365,571	68,263	25,751	135,677	107,913
Wafa Gestion	15,081	6,825	36,954	13,181	15,309	6,794	33,801	14,295
Tobam Holding Company & Tobam	26,400	8,600	35,050	13,400	26,356	5,659	40,417	9,540

5.12 TANGIBLE AND INTANGIBLE ASSETS

5.12.1 Tangible assets used in operations

In € thousands	01/01/2018	Change in scope	Increase	Decrease	Foreign exchange gains and losses	Other movements	31/12/2018
Gross value	196,320	(156)	12,998	(5,087)	964	(87)	204,953
Depreciation, amortisation and provisions	(151,691)	29	(14,748)	4,851	(725)	(45)	(162,329)
NON-CURRENT ASSETS NET TANGIBLE	**44,630**	**(127)**	**(1,750)**	**(236)**	**239**	**(132)**	**42,624**

In € thousands	01/01/2017	Change in scope	Increase	Decrease	Foreign exchange gains and losses	Other movements	31/12/2017
Gross value	110,506	84,331	9,456	(6,351)	(1,484)	(138)	196,320
Depreciation, amortisation and provisions	(69,342)	(75,215)	(13,343)	4,957	1,151	100	(151,691)
NON-CURRENT ASSETS PROPERTY, PLANT AND EQUIPMENT – NET	**41,164**	**9,117**	**(3,887)**	**(1,394)**	**(333)**	**(38)**	**44,630**

5.12.2 Intangible assets from operations

In € thousands	01/01/2018	Change in scope	Increase	Decrease	Foreign exchange gains and losses	Other movements	31/12/2018
Gross value	1,100,094	15	6,066	(16,892)	238	170	1,089,692
Depreciation, amortisation and provisions	(476,932)	(15)	(85,133)	16,692	(46)	(30)	(545,464)
NON-CURRENT ASSETS NET INTANGIBLE ASSETS	**623,162**	**-**	**(79,067)**	**(199)**	**192**	**140**	**544,228**

In € thousands	01/01/2017	Change in scope	Increase	Decrease	Foreign exchange gains and losses	Other movements	31/12/2017
Gross value	378,672	740,644	11,249	(30,490)	28	(8)	1,100,094
Depreciation, amortisation and provisions	(270,783)	(181,817)	(54,316)	30,135	(154)	5	(476,932)
NON-CURRENT ASSETS NET INTANGIBLE ASSETS	**107,888**	**558,827**	**(43,068)**	**(355)**	**(126)**	**(3)**	**623,162**

Intangible assets consist primarily of:

- distribution contracts with partner networks acquired through business combinations and amortised over a maximum period of ten years;
- software acquired or developed in-house.

5.13 GOODWILL

Goodwill totalled €5,695.5 million at 31 December 2018 versus €5,674.1 million at 31 December 2017. The change over this period was due to exchange rate fluctuations over the period.

The goodwill consists of the following other main items:

- goodwill recognised upon the transfer by Crédit Agricole Indosuez of its asset management business in December 2003 for €377.9 million;
- goodwill recognised in 2004 at the time of Crédit Agricole S.A.'s acquisition of Crédit Lyonnais, for €1,732.8 million;
- goodwill related to the transfer of Société Générale's asset management business in December 2009 for €707.8 million;
- goodwill recognised in 2015 at the time of the acquisition of Amundi Austria for €78.4 million;
- the goodwill recognised in 2016 following the acquisitions of KBI Global Investors and Crédit Agricole Immobilier Investors for a total of €159.9 million;
- goodwill recognised in 2017 at the time of the acquisition of Pioneer Investments for a total of €2,537.3 million.

Goodwill is tested for impairment based on the Group's value in use. Determination of the value in use is based on the present value of estimated future cash flows of the Group as set out in the medium-term business plans prepared by the Group for management purposes.

The impairment test conducted on 31 December 2018 was carried out using results forecasts for the 2019-2022 period. The results forecasts were primarily based on the following assumptions about the economic environment:

- market assumptions taking account of corrections occurring in late 2018;
- market assumptions remaining low in 2019, principally on account of the equity markets and the uncertain political environment;
- from 2020, the market context shall be increasingly favourable with a moderate increase to the equity markets and a continuing increase in rates.

Amundi used a perpetual growth rate of 2% for the tests at 31 December 2018 and 2017 and a discount rate of 8.37% for the test at 31 December 2018 (compared to 8.11% for the tests at 31 December 2017).

A change in these assumptions (+/-50 basis points in the discount rate and +/-50 basis points in the perpetual growth rate) would not change the conclusions of the impairment test of 31 December 2018.

5.14 PROVISIONS

In € thousands	01/01/2018	Change in scope	Increase	Decr. and rep. not used	Reversals used	Foreign exchange differences	Other movements	31/12/2018.
Provisions for execution risk[1]	15,971	-	18,435	(1,160)	(457)	-	(1,815)	30,974
Provisions for operational risk	1,178				(35)			1,143
Provisions for employee expenses	149,858	-	5,407	(1,551)	(30,094)	88	(873)	122,836
Provisions for litigation	32,911		10,252	(6,130)	(2,410)	-	20	34,643
Provisions for other risks	28,287	26	2,517	(6,882)	(8,314)	68	3,423	19,127
PROVISIONS	**228,205**	**26**	**36,611**	**(15,723)**	**(41,310)**	**156**	**756**	**208,723**

(1) The balance at 1 January 2018 takes account of the impact of IFRS 9's entry into force.

See note 6.2.7.2 on the effects of the transition from the IAS 39 depreciation model and the IFRS value adjustments.

In € thousands	01/01/2017	Change in scope	Increase	Decr. and rep. not used	Reversals used	Foreign exchange gains and losses	Other movements	31/12/2017
Provisions for execution risk	1,863	10,652	1,664	(141)				14,038
Provisions for operational risk		981	200		(3)			1,178
Provisions for employee expenses	46,544	42,825	65,186	(1,221)	(4,165)	(132)	821	149,858
Provisions for litigation	11,596	15,710	8,695	(2,606)	(484)			32,911
Provisions for other risks	12,751	611	17,265	(318)	(1,985)	(37)		28,287
PROVISIONS	**72,754**	**70,779**	**93,010**	**(4,286)**	**(6,637)**	**(169)**	**821**	**226,272**

As of 31 December 2018, disputes and other risks have a foreseeable expiration of less than 2 years.

The provisions for employee expenses include provision for severance payments (see note 6.4).

5.15 EQUITY

5.15.1 Composition of the share capital

As of 31 December 2018, the allocation of share capital and voting rights was as follows:

Shareholders	Number of securities	% of share capital	% voting rights
Crédit Agricole S.A.	137,606,739	68.22%	68.50%
Other Crédit Agricole group companies	3,450,660	1.71%	1.72%
Employees	602,329	0.30%	0.30%
Treasury stock	814,081	0.40%	-
Float	59,230,545	29.37%	29.48%
TOTAL SECURITIES	**201,704,354**	**100.00%**	**100.00%**

In the 2018 fiscal period there was an increase in capital reserves for Amundi employees which led to the issue of 193,792 shares (see the section "Period Highlights").

5.15.2 Dividends allocated

In 2018, in accordance with the decision made during the ordinary general meeting of 15 May 2018, Amundi paid its shareholders a dividend of €2.50 per share, *i.e.* a total of €503.6 million for fiscal year 2017.

The dividend distribution by shareholder was as follows:

In € thousands	For fiscal year 2017	For fiscal year 2016
Crédit Agricole S.A.	344,017	302,735
Other Crédit Agricole group companies	8,627	7,591
Employees	1,046	921
Float	149,911	132,058
Société Générale		
TOTAL DIVIDENDS	**503,601**	**443,305**

5.15.3 Calculation of earnings per share

	31/12/2018	31/12/2017
Net income – Group share for the period *(in € thousands)*	855,004	681,294
Average weighted number of ordinary shares outstanding during the period	201,591,264	192,401,181
BASIC EARNINGS PER SHARE *(in €)*	**4.24**	**3.54**

The basic earnings per share is identical to the diluted earnings per share in the absence of diluting instruments on the capital.

Note 6 Employee benefits and other compensation

6.1 HEADCOUNT

	2018	2017	2017
Workforce for the period *Full-time equivalent – FTE*	Average headcount	Average headcount	End of period headcount
France	2,088.7	2,127.6	2,119.7
Other European Union jurisdictions	1,499.1	1,030.5	1,583.4
Other European jurisdictions	9.7	9.8	10.0
North America	494.8	285.1	516.5
Central and South America	8.4	3.6	8.0
Africa and Middle East	6.6	6.5	6.0
Asia and Oceania (excluding Japan)	151.9	175.5	186.0
Japan	171.9	180.9	176.1
TOTAL HEADCOUNT	**4,431.2**	**3,819.5**	**4,605.7**

6.2 ANALYSIS OF EMPLOYEE EXPENSES

In € thousands	2018	2017
Salaries	(610,478)	(551,058)
Retirement fund contributions	(40,252)	(32,957)
Social charges and taxes	(159,913)	(154,124)
Other	(46,357)	(107,606)
TOTAL EMPLOYEE EXPENSES	**(857,000)**	**(845,744)**

Following the introduction of the tax credit for competitiveness and employment (*Crédit d'impôt pour la compétitivité et l'emploi* – CICE, in accordance with Article 244 quater C of the French General Tax Code, applicable as of 1 January 2013) Amundi recognised the amount of €461 thousand at 31 December 2018 and €555 thousand at 31 December 2017 as a deduction from its operating expenses under "Employee expenses and taxes."

6.3 POST-EMPLOYMENT BENEFITS, DEFINED-CONTRIBUTION PLANS

There are several compulsory plans to which "employer" companies contribute. Plan assets are managed by independent organisations and the contributing companies have no legal or implied obligation to pay additional contributions if the funds do not generate sufficient revenue to cover all benefits corresponding to services rendered by employees during the year and during prior years. Accordingly, Amundi Group entities have no liabilities in this respect other than the contributions payable. Contributions for defined-contribution plans amounted to €40,865 thousand at 31 December 2018 and €33,654 thousand at 31 December 2017.

6.4 POST-EMPLOYMENT BENEFITS, DEFINED-BENEFIT PLANS

Change in actuarial liabilities

	31/12/2018			31/12/2017
In € thousands	Euro zone	Non-euro zone	All zones	All zones
Actuarial liability at 31/12/N-1	**119,085**	**6,598**	**125,683**	**65,382**
Translation adjustment	-	442	442	(607)
Cost of services rendered during the period	4,442	998	5,440	5,331
Financial cost	1,746	15	1,761	1,222
Employee contributions	39	-	39	26
Benefit plan changes, withdrawals and settlement	(5,307)	-	(5,307)	-
Change in scope	45	-	45	55,463
Benefits paid (compulsory)	(3,286)	(901)	(4,187)	(1,923)
Taxes, administrative expenses and bonuses	-	-	-	-
Actuarial (gains) losses related to demographic assumptions(1)	(1,118)	(88)	(1,206)	235
Actuarial (gains) losses related to financial assumptions	(781)	(27)	(808)	553
ACTUARIAL LIABILITY AT 31/12/N	**114,865**	**7,036**	**121,901**	**125,683**

(1) Of which actuarial differences connected with experience adjustments.

Expense recognised in profit and loss

	31/12/2018			31/12/2017
In € thousands	Euro zone	Non-euro zone	All zones	All zones
Cost of services	(865)	998	133	5,331
Net interest expense (income)	1,093	2	1,095	703
IMPACT ON INCOME STATEMENT AT 31/12/N	**228**	**999**	**1,227**	**6,033**

Non-recyclable gains and losses recognised in other comprehensive income and changes in actuarial differences

	31/12/2018			31/12/2017
In € thousands	Euro zone	Non-euro zone	All zones	All zones
Revaluation of the net liability (or asset)				
Cumulative amount of actuarial differences in other non-recyclable items of comprehensive income at 31/12/N-1	**17,098**	**1,364**	**18,462**	**17,690**
Translation adjustment	-	91	91	(138)
Actuarial (gains) losses on assets	799	99	898	121
Actuarial (gains) losses related to demographic assumptions*	(1,118)	(88)	(1,206)	235
Actuarial (gains) losses related to financial assumptions	(781)	(27)	(808)	553
Adjustment of asset restriction	-		-	-
Items immediately recognised in other items of comprehensive income during the period (actuarial gains and losses on post-employment benefits)	**(1,100)**	**76**	**(1,024)**	**773**
CUMULATIVE AMOUNT OF ACTUARIAL DIFFERENCES IN OTHER NON-RECYCLABLE ITEMS OF COMPREHENSIVE INCOME AT 31/12/N	**15,998**	**1,440**	**17,438**	**18,462**

* *Of which actuarial differences connected with experience adjustments.*

Change in the fair value of assets

	31/12/2018			31/12/2017
In € thousands	Euro zone	Non-euro zone	All zones	All zones
Fair value of assets at 31/12/N-1	**44,101**	**5,890**	**49,991**	**28,756**
Translation adjustment	-	392	392	(536)
Interest on assets (income)	653	13	666	519
Actuarial gains (losses)	(799)	(99)	(898)	(121)
Employer contributions	(39)	902	863	930
Employee contributions	39		39	26
Benefit plan changes, withdrawals and settlement	-			52
Change in scope	-			21,877
Taxes, administrative expenses and bonuses	-			-
Benefits paid by the fund	(877)	(901)	(1,778)	(1,514)
FAIR VALUE OF ASSETS AT 31/12/N	**43,078**	**6,196**	**49,274**	**49,991**

Net position

	31/12/2018			31/12/2017
In € thousands	Euro zone	Non-euro zone	All zones	All zones
Actuarial liability end of period	**114,865**	**7,036**	**121,901**	**125,683**
Impact of asset restriction			-	-
Fair value of assets at end of period	(43,078)	(6,196)	(49,274)	(49,991)
NET POSITION END OF PERIOD (LIABILITIES)	**71,787**	**840**	**72,627**	**75,692**

Defined-benefit plans – main actuarial assumptions

	31/12/2018	31/12/2017
Amundi Asset Management Plan & other plans discount rate	1.37%	1.37%
Amundi Deutschland GMBH discount rate	1.63%	1.63%
Expected rate of salary increas	2.00%	2.00%

Asset allocation at 31/12/2018

	Euro zone			Non-euro zone			All zones		
In € thousands	As a %	Amount	O/w listed	As a %	Amount	O/w listed	As a %	Amount	O/w listed
Equity	4.96%	2,138	2,138	-	-	-	4.34%	2,138	2,138
Bonds	37.73%	16,252	16,252	-	-	-	32.98%	16,252	16,252
Real Estate	2.98%	1,283	-	-	-	-	2.60%	1,283	-
Other assets	54.33%	23,405	-	100.00%	6,196	-	60.07%	29,601	-
FAIR VALUE OF ASSETS	**100.00%**	**43,078**	**18,390**	**100.00%**	**6,196**	**-**	**100.00%**	**49,274**	**18,390**

At 31 December 2018, the data for France showed an actuarial liability of €57,818 thousand, a fair value of assets of €21,386 thousand and a net end-of-period position of €36,432 thousand.

Sensitivity to discount rates at 31 December 2018:

- a change of more than 50 bps in the discount rate could lead to a decrease in commitments of -7.90%;
- a change of less than 50 bps in the discount rate could lead to an increase in commitments of 8.76%.

6.5 SHARE-BASED PAYMENTS

Amundi performance share plans

An expense of €27,571 thousand for share-based payments was recognised in employee expenses for the period ended 31 December 2017 in respect of Amundi performance share plans for Group employees.

This award scheme is described below:

Performance share plan

Date of general meeting authorising share plan	30/09/2015	30/09/2015	18/05/2017	18/05/2017
Date of Board meeting	11/02/2016	09/02/2017	13/12/2017	01/08/2018
Date of allocation of shares	11/02/2016	09/02/2017	13/12/2017	01/08/2018
Number of shares allocated	235,160	139,930	1,551,750	98,310
Methods of payment	Amundi shares	Amundi shares	Amundi shares	Amundi shares
Vesting period	11/02/2016 11/02/2019	09/02/2017 09/02/2020	01/07/2017 31/12/2021	01/07/2018 31/12/2021
Performance conditions(1)	Yes	Yes	Yes	Yes
Continued employment condition	Yes	Yes	Yes	Yes
Cancelled or voided equities during the period	10,874	8,168	165,550	-
Shares remaining at 31 December 2018	224,286	131,762	1,386,200	98,310
Fair value of one share – Tranche 1	€26.25	€43.41	€67.12	€52.27
Fair value of one share – Tranche 2	n.a.	n.a.	€63.69	€48.78
Fair value of one share – Tranche 3	n.a.	n.a.	€59.85	n.a.

(1) The performance conditions are based on net income group share (NIGS), the amount of new assets and the Group's cost-to-income ratio.

Amundi measures the shares awarded and recognises an expense determined on the grant date based on the market value of the options on that date. The sole assumptions that may be revised during the vesting period giving rise to an adjustment to the expense are those relating to the beneficiaries (options forfeited on dismissal or resignation).

6.6 EXECUTIVE COMPENSATION

The compensation and benefits of the Chief Executive Officer and of the Division Heads for the 2018 and 2017 fiscal years taken into account in Amundi's consolidated financial statements were €9,579 thousand and €8,203 thousand, respectively. They include gross fixed and variable compensation, benefits in kind, retirement benefits and the expense for the supplementary retirement scheme implemented for the key executives of the Group. The compensation breaks down as follows:

In € thousands	2018	2017
Gross compensation, employer contributions and benefits in kind	7,324	6,804
Post-employment benefits	384	394
Other long-term benefits	-	-
Severance payments	-	-
Cost of option and other plans	1,871	1,005
TOTAL COMPENSATION AND BENEFITS	**9,579**	**8,203**

In addition, the directors' fees paid in respect of 2018 and 2017 are presented in the table below:

In € thousands	2018	2017
Directors' fees	262	302

Note 7 Fair value of financial instruments

Financial instruments measured at fair value on the balance sheet are valued on the basis of listed prices or valuation techniques that maximise the use of observable data.

7.1 DERIVATIVES

The valuation of derivatives includes:

- an adjustment for the quality of the counterparty (Credit Value Adjustment or CVA) intended to include the credit risk associated with the counterparty in the valuation of derivative instruments (risk of non-payment of the amount due in the event of default). The adjustment is calculated on an aggregate basis by counterparty according to the future exposure profile of the transactions after deducting any collateral. This adjustment is always negative and is deducted from the fair value of the financial assets;
- a value adjustment for the credit risk for our Company (Debt Value Adjustment – DVA) intended to integrate the risk associated with our counterparties in the valuation of derivative instruments. The adjustment is calculated on an aggregate basis by counterparty based on the future exposure profile of the transactions. This adjustment is always positive and is deducted from the fair value of the financial liabilities.

7.2 OTHER FINANCIAL ASSETS AND LIABILITIES

7.2.1 Other financial assets

The non-consolidated listed equity securities (primarily Resona Holding), government securities (listed on an organised market), listed bonds and fund units with a net asset value available at least twice a month are classified as Level 1. All other assets and liabilities valued at fair value are classified as Level 2 with the exception of Private Equity funds which are classified as Level 3.

7.2.2 Other financial liabilities

Liabilities at fair value through profit or loss result from the consolidation of EMTN issue vehicles. These liabilities are classified as Level 2.

7.3 FINANCIAL ASSETS AT FAIR VALUE ON THE BALANCE SHEET

The tables below show the balance sheet financial assets and liabilities valued at fair value and classified by fair value level:

In € thousands	Total 31/12/2018	Prices listed on active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on non-observable data Level 3
Financial assets held for trading	**2,456,384**	**-**	**2,456,384**	**-**
Derivative instruments	2,456,384	-	2,456,384	-
Financial assets at fair value through profit or loss	**7,995,093**	**4,797,272**	**3,184,081**	**13,740**
Equity instruments	565,912	27,566	538,346	-
Shares and other variable-income securities	467,420	-	467,420	-
Non-consolidated equity holdings	98,492	27,566	70,926	-
Debt instruments that do not meet SPPI criteria	2,120,588	2,074,741	32,107	13,740
Funds	2,120,588	2,074,741	32,107	13,740
Assets backing unit-linked contracts	-	-	-	-
Financial assets at fair value through profit or loss as an option	5,308,592	2,694,965	2,613,627	-
Bonds and other fixed-income securities	2,694,965	2,694,965	-	-
Loans and receivables due from credit institutions	2,613,627	-	2,613,627	-
Treasury bills and similar securities	-	-	-	-
Financial assets recognised in equity	**485,951**	**485,951**	**-**	**-**
Equity instruments recognised in equity not recyclable through profit and loss	188,809	188,809	-	-
Shares and other variable-income securities	-	-	-	-
Non-consolidated equity holdings	188,809	188,809	-	-
Debt instruments recognised in equity recyclable through profit and loss	297,142	297,142	-	-
Treasury bills and similar securities	297,142	297,142	-	-
Derivative hedging instruments		**-**	**-**	**-**
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**10,937,428**	**5,283,223**	**5,640,465**	**13,740**

In € thousands	Total 31/12/2017	Prices listed on active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on non-observable data Level 3
Financial assets held for trading	**2,660,557**	**-**	**2,660,557**	**-**
Loans and receivables due from credit institutions	-	-	-	-
Securities received under repurchase agreements	-	-	-	-
Securities held for trading	-	-	-	-
Treasury bills and similar securities	-	-	-	-
Bonds and other fixed-income securities	-	-	-	-
Shares and other variable-income securities	-	-	-	-
Derivative instruments	2,660,557	-	2,660,557	-
Financial assets at fair value through profit or loss as an option	**5,001,703**	**3,464,450**	**1,537,253**	**-**
Assets backing unit-linked contracts	-	-	-	-
Securities designated at fair value through profit or loss	3,912,615	3,464,450	448,165	-
Treasury bills and similar securities	-	-	-	-
Funds	1,193,900	1,193,900	-	-
Bonds and other fixed-income securities	2,270,550	2,270,550	-	-
Shares and other variable-income securities	448,165	-	448,165	-
Loans and receivables due from credit institutions	1,089,088	-	1,089,088	-
Available-for-sale financial assets	**1,179,241**	**1,077,238**	**96,285**	**5,718**
Treasury bills and similar securities	164,394	164,394	-	-
Funds	665,398	657,874	1,806	5,718
Shares and other variable-income securities, non-consolidated equity holdings	349,449	254,970	94,479	-
Available-for-sale receivables	-	-	-	-
TOTAL FINANCIAL ASSETS VALUED AT FAIR VALUE	**8,841,501**	**4,541,688**	**4,294,095**	**5,718**

7.4 FINANCIAL LIABILITIES AT FAIR VALUE ON THE BALANCE SHEET

In € thousands	Total 31/12/2018	Prices listed on active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on non-observable data Level 3
Financial liabilities held-for-trading	**2,677,526**	**-**	**2,677,526**	**-**
Due to credit institutions	-	-	-	-
Derivative instruments	2,677,526	-	2,677,526	-
Derivative hedging instruments	**3,780**	**-**	**3,780**	**-**
Financial liabilities at fair value through profit or loss as an option	**5,532,017**	**-**	**5,532,017**	**-**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**8,213,323**	**-**	**8,213,323**	**-**

In € thousands	Total 31/12/2017	Prices listed on active markets for identical instruments Level 1	Valuation based on observable data Level 2	Valuation based on non-observable data Level 3
Financial liabilities held-for-trading	**2,647,256**	**-**	**2,647,256**	**-**
Due to credit institutions	-	-	-	-
Derivative instruments	2,647,256	-	2,647,256	-
Financial liabilities at fair value through profit or loss as an option	**3,772,826**	**-**	**3,772,826**	**-**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**6,420,082**	**-**	**6,420,082**	**-**

7.5 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES MEASURED AT COST

Financial assets and liabilities valued at cost primarily include loans and receivables to credit institutions and the collateral paid and received for derivatives contracts.

With respect to daily margin calls, Amundi Group considers that the collateral posted and received is recognised at its fair value under “Accruals, prepayments and sundry assets” and “Accruals, deferred income and sundry liabilities”.

Amundi Group considers that the amortised cost of loans and receivables to credit institutions is a good approximation of fair value. This consists primarily of:

- variable-rate assets and liabilities for which interest rate changes do not have a significant impact on fair value, since the rates of return of these instruments frequently adjust themselves to market rates (loans and borrowings);
- short-term assets and liabilities where the redemption value is close to the market value.

Note 8 Non-consolidated structured entities

Amundi manages and structures funds in order to offer investment solutions to its customers. The funds, excluding management mandates, are considered to be structured entities to the extent that they are created for a very specific purpose, are managed via contracts signed by the stakeholders, and the rights associated with the voting rights of the shares have limited impact, where applicable.

Amundi has defined criteria to identify companies which intervene as sponsors of structured entities:

- the Company is involved in the creation of the structured entity and the intervention, which is remunerated, is deemed significant for the successful completion of operations;
- the structuring occurred at the request of the Company and it is the primary user;
- the Company sold its own shares to the structured entity;
- the Company is the manager of the structured entity;
- the name of a subsidiary or of the Parent company is associated with the name of the structured entity or with the financial instruments it issues.

Given this definition, all funds managed by Amundi Group companies, whether held or not, are considered to be "sponsored" structured entities.

The Group receives management and performance fees and commissions from the funds. It can invest, provide guarantees and contract performance swaps with the funds.

8.1 NATURE AND EXTENT OF AMUNDI'S INVOLVEMENT WITH THE NON-CONSOLIDATED STRUCTURED ENTITIES

The table below shows the assets, liabilities and off-balance sheet commitments of the Group in sponsored structured entities, with the exception of those that are consolidated.

	31/12/2018			
	Asset management			
		Maximum loss		
In € thousands	Value on the balance sheet	Maximum exposure to loss risk	Guarantees received and other credit enhancements	Net exposure
Financial assets held for trading	696,032	696,032	-	696,032
Debt instruments that do not meet SPPI criteria: UCITS	1,404,719	1,404,719	-	1,404,719
Financial assets at fair value through equity	-	-	-	-
Financial assets at amortised cost	-	-	-	-
Assets recognised with respect to non-consolidated structured entities	**2,100,751**	**2,100,751**	**-**	**2,100,751**
Equity instruments	-	n.a.	n.a.	-
Financial liabilities held-for-trading	832,747	832,747	-	832,747
Financial liabilities at fair value through profil or loss	-	-	-	
Debt	-	n.a.	n.a.	-
Liabilities with respect to non-consolidated structured entities	**832,747**			**832,747**
Commitments given				
Financing commitments	n.a.	-	-	
Guarantee commitments	n.a.	20,128,859	301,937	19,826,922
Other	n.a.	-	-	
Provisions for financing execution risk for commitments made	n.a.	(30,974)	-	(30,974)
Off-balance sheet commitments net of provisions with respect to non-consolidated structured entities	**n.a.**	**20,097,885**	**301,937**	**19,795,948**
BALANCE SHEET TOTAL OF NON-CONSOLIDATED STRUCTURED ENTITIES	**94,701,409**	**N.A.**	**N.A.**	**N.A.**

In € thousands	31/12/2017			
	Asset management			
		Maximum loss		
	Value on the balance sheet	Maximum exposure to loss risk	Guarantees received and other credit enhancements	Net exposure
Financial assets held for trading	704,693	704,693	-	704,693
Financial assets at fair value through profit or loss as an option	812,915	812,915	-	812,915
Available-for-sale financial assets	664,983	664,983	-	664,983
Loans and receivables	-	-	-	-
Held-to-maturity (HTM) financial assets	-	-	-	-
Assets recognised with respect to non-consolidated structured entities	**2,182,591**	**2,182,591**	**-**	**2,182,591**
Equity instruments	-	n.a.	n.a.	-
Financial liabilities held for trading	1,415,686	n.a.	n.a.	1,415,686
Financial liabilities at fair value through profit or loss as an option	-	n.a.	n.a.	-
Debt	-	n.a.	n.a.	-
Liabilities with respect to non-consolidated structured entities	**1,415,686**			**1,415,686**
Commitments given				
Financing commitments	n.a.	-	-	
Guarantee commitments	n.a.	21,322,324	-	21,322,324
Other	n.a.	-	-	
Provisions – Commitments made	n.a.	(20,333)	-	(20,333)
Off-balance sheet commitments net of provisions with respec to non-consolidated structured entities	**n.a.**	**21,301,991**	**-**	**21,301,991**
BALANCE SHEET TOTAL OF NON-CONSOLIDATED STRUCTURED ENTITIES	**86,013,577**	**N.A.**	**N.A.**	**N.A.**

Information relating to parts of the funds held by Amundi and recorded under the heading “debt instruments not fulfilling the SPPI UCITS” does not include consolidated funds nor those where the Group only holds part (founders’ shares).

The amount on the line “Total balance sheet of non-consolidated structured entities” corresponds to the total assets of the funds held.

The off-balance sheet commitment shown corresponds to the off-balance sheet commitment recognised by Amundi as part of its fund guarantor activity. A provision for the risk associated with this commitment is recorded in “Provisions” in the amount of €30,974 thousand at 31 December 2018 and €20,333 thousand at 31 December 2017.

The amounts stated in financial assets and liabilities held for trading correspond to the positive and negative fair values of swaps made by Amundi with funds as part of its swap intermediation business.

8.2 NET REVENUES FROM SPONSORED STRUCTURED ENTITIES

The net revenues from structured entities and from management mandates are inseparable from Amundi’s management revenues and are included in the income presented in note 6.2.1.

Note 9 Other information

9.1 SEGMENT INFORMATION

Amundi's business is solely focused on managing assets for third parties. It therefore has only one operating segment within the meaning of IFRS 8.

The Group's operational performance is not tracked more closely than the Group overall. Items that are reviewed at a closer level are limited to monthly reports on Group business volume (inflows, outstandings) and periodic reports on income net of commissions by client segment (retail, institutional). The Group believes that this information better corresponds to monitoring commercial activity than to measurement of operational performance for the purposes of decision-making for resource allocation. Operating expenses are not allocated to client segments (retail and institutional).

However, the Group believes that it is helpful to publish the information about commercial activity which is shown below as information complementary to that required by IFRS 8:

In € millions	2018	2017
Retail	1,832	1,413
Institutional investors	659	615
Institutional investors, Corporate and employee savings and retirement	518	477
Insurers(1)	141	139
Net fee and commission income	**2,491**	**2,029**
Performance fees	115	175
Total net asset management revenues	**2,606**	**2,204**
Net financial income	(25)	97
Other net income	(71)	(43)
TOTAL NET REVENUES	**2,510**	**2,257**

(1) Crédit Agricole Group.

In addition, the allocation of net income is broken down by geographical area as follows:

In € millions	2018	2017
France	1,205	1,334
Abroad	1,305	923
TOTAL NET REVENUES	**2,510**	**2,257**

The net revenue breakdown is based on the location at which the accounting information is recorded.

9.2 RELATED PARTIES

9.2.1 Scope of related parties

Related parties are companies which directly or indirectly control or are controlled by, or which are under joint control with the Company presenting the financial statements.

Amundi's related parties are (i) the consolidated companies, including equity-accounted companies, (ii) the Crédit Agricole Group companies, that is, the Regional Banks, Crédit Agricole S.A., its subsidiaries, associates and joint ventures. No provisions for write- downs were made for these relationships.

In addition, the funds in which the Crédit Agricole Group has invested are not considered to be related parties.

A list of the Amundi Group's consolidated companies is presented in note 9.3.1. "Scope of consolidation" The transactions carried out and the assets under management at the end of the period between the fully consolidated companies of the Group are entirely eliminated on consolidation.

9.2.2 Nature of the transactions with related parties

Amundi has commercial relationships with companies in the Crédit Agricole group.

Crédit Agricole group is a distributor of Amundi's financial products, a lender and borrower, a derivative counterparty and also a depositary and calculation agent. In addition, Crédit Agricole group makes certain resources available to Amundi and manages Amundi's end-of-career allowance insurance.

Amundi handles asset management and certain mandates for the Crédit Agricole group and also provides account-keeping services for the Crédit Agricole group's employee savings plans.

9.2.3 Related party transactions

The following tables present the transactions undertaken with the Crédit Agricole group and with the equity-accounted entities of the Amundi Group.

Amundi's transactions with its key executives consist solely of the compensation paid under employment contracts and directors' fees.

In € thousands	Crédit Agricole group	
NET INCOME	**2018**	**2017**
Net interest and similar income	(11,370)	(9,200)
Net fee and commission income	(306,521)	(284,623)
Other net income	(15,168)	(10,148)
Operating expenses	(9,311)	(8,272)
BALANCE SHEET	**31/12/2018**	**31/12/2017**
Assets		
Loans and receivables due from credit institutions	368,695	341,158
Accruals, prepayments and sundry assets	95,584	70,595
Financial assets at fair value through profit or loss	5,462,564	3,440,397
Equity and liabilities		
Subordinated debt	303,826	303,859
Due to credit institutions	1,310,865	576,476
Accruals, deferred income and sundry liabilities	208,515	202,948
Financial liabilities at fair value through profil or loss	227,100	104,172
Off-balance sheet items		
Guarantees given	3,850,707	2,066,196
Guarantees received	-	-

In € thousands	Joint ventures and associates	
NET INCOME	**2018**	**2017**
Net interest and similar income	-	-
Net fee and commission income	(3,102)	(3,470)
Operating expenses	-	-
BALANCE SHEET	**31/12/2018**	**31/12/2017**
Assets		
Loans and receivables due from credit institutions	-	-
Accruals, prepayments and sundry assets	310	569
Financial assets at fair value through profit or loss	-	-
Equity and liabilities		
Due to credit institutions	-	-
Accruals, deferred income and sundry liabilities	940	1,158
Off-balance sheet items		
Guarantees given	-	-
Guarantees received	-	-

9.3 SCOPE OF CONSOLIDATION

Consolidated companies	Change in scope	Method	31/12/2018 % control	31/12/2018 % interest	31/12/2017 % control	31/12/2017 % interest	Principal place of business
FRENCH COMPANIES							
AMUNDI		Full	100.0	100.0	100.0	100.0	France
AMUNDI ASSET MANAGEMENT		Full	100.0	100.0	100.0	100.0	France
AMUNDI FINANCE		Full	100.0	100.0	100.0	100.0	France
AMUNDI FINANCE EMISSIONS		Full	100.0	100.0	100.0	100.0	France
AMUNDI IMMOBILIER		Full	100.0	100.0	100.0	100.0	France
AMUNDI INDIA HOLDING		Full	100.0	100.0	100.0	100.0	France
AMUNDI INTERMEDIATION		Full	100.0	100.0	100.0	100.0	France
AMUNDI ISSUANCE		Full	100.0	100.0	100.0	100.0	France
AMUNDI IT SERVICES		Full	95.4	95.4	95.4	95.4	France
AMUNDI PRIVATE EQUITY FUND		Full	100.0	100.0	100.0	100.0	France
AMUNDI TENUE DE COMPTES		Full	100.0	100.0	100.0	100.0	France
AMUNDI VENTURES		Full	100.0	100.0	100.0	100.0	France
BFT INVESTMENT MANAGERS		Full	100.0	100.0	100.0	100.0	France
CPR AM		Full	100.0	100.0	100.0	100.0	France
ETOILE GESTION		Full	100.0	100.0	100.0	100.0	France
LCL EMISSIONS		Full	100.0	100.0	100.0	100.0	France
SOCIETE GENERALE GESTION		Full	100.0	100.0	100.0	100.0	France
TOBAM HOLDING COMPANY		Equity-accounted	25.6	25.6	25.6	25.6	France
TOBAM		Equity-accounted	4.1	20.0	4.1	20.0	France
FUNDS AND OPCI							
ACACIA		Full	100.0	100.0	100.0	100.0	France
ACAJOU		Full	100.0	100.0	100.0	100.0	France
CEDAR		Full	100.0	100.0	100.0	100.0	France
CHORIAL ALLOCATION		Full	99.9	99.9	99.7	99.7	France
GENAVENT	Exit	Full	-	-	52.3	52.3	France
LONDRES CROISSANCE 16		Full	100.0	100.0	100.0	100.0	France
OPCI IMMANENS		Full	100.0	100.0	100.0	100.0	France
OPCI IMMO EMISSIONS		Full	100.0	100.0	100.0	100.0	France
PEG – PORTFOLIO EONIA GARANTI		Full	97.2	97.2	97.2	97.2	France
RED CEDAR		Full	100.0	100.0	100.0	100.0	France
AMUNDI PE SOLUTION ALPHA	Entry	Full	100.0	100.0	-	-	France

Consolidated companies	Change in scope	Method	31/12/2018 % control	31/12/2018 % interest	31/12/2017 % control	31/12/2017 % interest	Principal place of business
FOREIGN COMPANIES							
AMUNDI DEUTSCHLAND GMBH		Full	100.0	100.0	100.0	100.0	Germany
PIONEER GLOBAL INVESTMENTS LTD BUENOS AIRES BRANCH (2)		Full	100.0	100.0	100.0	100.0	Argentina
PIONEER GLOBAL INVESTMENTS (AUSTRALIA) PTY LIMITED Full	Exit	Full	-	-	100.0	100.0	Australia
AMUNDI AUSTRIA	Merger	Full	-	-	100.0	100.0	Austria
AMUNDI AUSTRIA GMBH		Full	100.0	100.0	100.0	100.0	Austria
AMUNDI ASSET MANAGEMENT BELGIUM BRANCH (1)		Full	100.0	100.0	100.0	100.0	Belgium
AMUNDI CZECH REPUBLIC ASSET MANAGEMENT SOFIA BRANCH (4)		Full	100.0	100.0	100.0	100.0	Bulgaria
PIONEER GLOBAL INVESTMENTS LTD SANTIAGO BRANCH (2)		Full	100.0	100.0	100.0	100.0	Chile
ABC-CA FUND MANAGEMENT CO. LTD		Equity-accounted	33.3	33.3	33.3	33.3	China
NH-AMUNDI ASSET MANAGEMENT		Equity-accounted	30.0	30.0	30.0	30.0	Korea
PIONEER GLOBAL INVESTMENTS LTD JELLING BRANCH (2)		Full	100.0	100.0	100.0	100.0	Denmark
AMUNDI ASSET MANAGEMENT DUBAI BRANCH (1)		Full	100.0	100.0	100.0	100.0	United Arab Emirates
AMUNDI IBERIA SGIIC SA		Full	100.0	100.0	100.0	100.0	Spain
PIONEER GLOBAL INVESTMENTS LTD MADRID BRANCH (2)		Full	100.0	100.0	100.0	100.0	Spain
AMUNDI DISTRIBUTORS USA LLC	Merger	Full	-	-	100.0	100.0	United States
AMUNDI SMITH BREEDEN	Merger	Full	-	-	100.0	100.0	United States
AMUNDI USA INC		Full	100.0	100.0	100.0	100.0	United States
AMUNDI PIONEER ASSET MANAGEMENT USA, INC		Full	100.0	100.0	100.0	100.0	United States
AMUNDI PIONEER ASSET MANAGEMENT, INC.		Full	100.0	100.0	100.0	100.0	United States
AMUNDI PIONEER DISTRIBUTOR, INC.		Full	100.0	100.0	100.0	100.0	United States
AMUNDI PIONEER INSTITUTIONAL ASSET MANAGEMENT, INC.		Full	100.0	100.0	100.0	100.0	United States
VANDERBILT CAPITAL ADVISORS LLC		Full	100.0	100.0	100.0	100.0	United States
PIONEER GLOBAL INVESTMENTS LTD PARIS BRANCH (2)		Full	100.0	100.0	100.0	100.0	France
AMUNDI HELLAS		Full	100.0	100.0	100.0	100.0	Greece
AMUNDI ASSET MANAGEMENT HONG KONG BRANCH (1)		Full	100.0	100.0	100.0	100.0	Hong Kong
AMUNDI HONG KONG LTD		Full	100.0	100.0	100.0	100.0	Hong Kong
AMUNDI INVESTMENT FUND MGMT PRIVATE LTD CO.		Full	100.0	100.0	100.0	100.0	Hungary
SBI FUNDS MANAGEMENT PRIVATE LIMITED Equity-accounted		Equity-accounted	37.0	37.0	37.0	37.0	India
KBI GLOBAL INVESTORS LTD		Full	87.5	100.0	87.5	100.0	Ireland
KBI FUND MANAGERS LTD		Full	87.5	100.0	87.5	100.0	Ireland
KBI GLOBAL INVESTORS (NORTH AMERICA) LTD		Full	87.5	100.0	87.5	100.0	Ireland

Consolidated companies	Change in scope	Method	31/12/2018 % control	31/12/2018 % interest	31/12/2017 % control	31/12/2017 % interest	Principal place of business
PIONEER GLOBAL INVESTMENTS LTD		Full	100.0	100.0	100.0	100.0	Ireland
AMUNDI IRELAND LTD		Full	100.0	100.0	100.0	100.0	Ireland
AMUNDI INTERMEDIATION DUBLIN BRANCH (6)	Entry	Full	100.0	100.0	-	-	Ireland
AMUNDI REAL ESTATE ITALIA SGR SPA		Full	100.0	100.0	100.0	100.0	Italy
AMUNDI SGR SPA		Full	100.0	100.0	100.0	100.0	Italy
PIONEER INVESTMENT MANAGEMENT SGR PA	Merger	Full	-	-	100.0	100.0	Italy
AMUNDI JAPAN		Full	100.0	100.0	100.0	100.0	Japan
AMUNDI JAPAN HOLDING		Full	100.0	100.0	100.0	100.0	Japan
AMUNDI GLOBAL SERVICING		Full	100.0	100.0	100.0	100.0	Luxembourg
AMUNDI LUXEMBOURG	Merger	Full	-	-	100.0	100.0	Luxembourg
FUND CHANNEL		Equity-accounted	50.0	50.0	50.0	50.0	Luxembourg
AMUNDI LUXEMBOURG		Full	100.0	100.0	100.0	100.0	Luxembourg
AMUNDI MALAYSIA SDN BHD		Full	100.0	100.0	100.0	100.0	Malaysia
WAFA GESTION		Equity-accounted	34.0	34.0	34.0	34.0	Morocco
PIONEER GLOBAL INVESTMENTS LTD MEXICO CITY BRANCH (2)		Full	100.0	100.0	100.0	100.0	Mexico
AMUNDI ASSET MANAGEMENT NEDERLAND (1)		Full	100.0	100.0	100.0	100.0	Netherlands
AMUNDI POLSKA		Full	100.0	100.0	100.0	100.0	Poland
AMUNDI CZECH REPUBLIC INVESTICNI SPOLECNOST AS		Full	100.0	100.0	100.0	100.0	Czech Republic
AMUNDI CZECH REPUBLIC ASSET MANAGEMENT		Full	100.0	100.0	100.0	100.0	Czech Republic
PIONEER INVESTICNI SPOLECNOST, AS	Merger	Full	-	-	100.0	100.0	Czech Republic
AMUNDI ASSET MANAGEMENT SAI. SA		Full	100.0	100.0	100.0	100.0	Romania
AMUNDI ASSET MANAGEMENT LONDON BRANCH (1)		Full	100.0	100.0	100.0	100.0	United Kingdom
AMUNDI UK LTD		Full	100.0	100.0	100.0	100.0	United Kingdom
AMUNDI INTERMEDIATION LONDON BRANCH (6)	Entry	Full	100.0	100.0	-	-	United Kingdom
PIONEER GLOBAL INVESTMENTS LTD LONDON BRANCH (2)		Full	100.0	100.0	100.0	100.0	United Kingdom
AMUNDI IRELAND LTD LONDON BRANCH (3)		Full	100.0	100.0	100.0	100.0	United Kingdom
AMUNDI SINGAPORE LTD		Full	100.0	100.0	100.0	100.0	Singapore
AMUNDI IRELAND LTD SINGAPORE BRANCH (3)		Full	100.0	100.0	100.0	100.0	Singapore
AMUNDI INTERMEDIATION ASIA PTE LTD	Entry	Full	100.0	100.0	-	-	Singapore
FUND CHANNEL SINGAPORE BRANCH (5)		Equity-accounted	50.0	50.0	50.0	50.0	Singapore
AMUNDI CZECH REPUBLIC ASSET MANAGEMENT BRATISLAVA BRANCH (4)		Full	100.0	100.0	100.0	100.0	Slovakia
AMUNDI SUISSE		Full	100.0	100.0	100.0	100.0	Switzerland
AMUNDI TAIWAN		Full	100.0	100.0	100.0	100.0	Taiwan

(1) Amundi asset management branches.
(2) Pioneer global investments ltd branches.
(3) Amundi ireland ltd branches.
(4) Amundi czech republic investicni spolecnost as branches.
(5) Fund channel branch.
(6) Amundi intermediation branch.

9.4 NON-CONSOLIDATED ENTITIES

These securities recorded in the portfolio of "financial assets at fair value through profit or loss" or "financial assets at fair value through equity" represent a significant fraction of the equity of the companies that issued them and are intended to be held for the long term.

This line item amounted to €287,301 thousand at 31 December 2018, compared with €338,008 thousand at 31 December 2017.

Entities excluded from the scope of consolidation

Entities under exclusive control, joint control or significant influence which have been excluded from the scope of consolidation are presented in the table below:

Non-consolidated entities	Registered office	% interest	Grounds for excluding from scope of consolidation
AMUNDI-ACBA ASSET MANAGEMENT CJSC	Armenia	51.0%	Materiality thresholds
AMUNDI ASSET MANAGEMENT AUSTRALIA LIMITED	Australia	100.0%	Materiality thresholds
AMUNDI CANADA INC	Canada	100.0%	Materiality thresholds
AMUNDI TRANSITION ENERGETIQUE	France	60.0%	Materiality thresholds
ANATEC	France	49.7%	Materiality thresholds
IM SQUARE	France	42.1%	Materiality thresholds
LA FINANCIERE MAGELLAN	France	33.3%	Materiality thresholds
SCI MASCARIN	France	100.0%	Materiality thresholds
SCI LES PALMIERS BLEUS	France	100.0%	Materiality thresholds
SUPERNOVA INVEST	France	43.0%	Materiality thresholds
AMUNDI ALTERNATIVE INVESTMENT IRELAND LTD	Ireland	100.0%	Materiality thresholds
AMUNDI REAL ESTATE LUXEMBOURG SA	Luxembourg	100.0%	Materiality thresholds
AREAF MANAGEMENT - LUXEMBOURG	Luxembourg	100.0%	Materiality thresholds
DNA SA	Luxembourg	100.0%	Materiality thresholds
LRP	Luxembourg	100.0%	Materiality thresholds
AMUNDI INVESTMENT MAROC	Morocco	100.0%	Materiality thresholds
AMUNDI ISLAMIC MALAYSIA SDN BHD	Malaysia	100.0%	Materiality thresholds
FUND CHANNEL (SUISSE) SA	Switzerland	50.0%	Materiality thresholds
AMUNDI MUTUAL FUND BROKERAGE SECURITIES (THAILAND) COMPANY LIMITED	Thailand	100.0%	Materiality thresholds
AMUNDI TAIWAN LTD	Taiwan	100.0%	Materiality thresholds
MIRAE ASSET GLOBAL INVESTMENTS	Taiwan	100.0%	Materiality thresholds

Dormant entities at 31 December 2018 have been excluded.

Significant non-consolidated equity holdings

Investments in associates (over which the Group has neither control nor significant influence) representing a fraction of equity equal to or greater than 10% and not in the scope of consolidation are shown in the following table:

Non-consolidated entities	Registered office	% interest
NEXTSTAGE SAS	France	11.5%

9.5 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments at 31 December 2018 include:

- the guarantee commitments presented in the table below:

In € thousands	31/12/2018	31/12/2017
Guarantee commitments given	20,128,859	21,322,324
Of which fund guarantee commitments	*20,128,859*	*20,743,366*
Of which other guarantee commitments	*-*	*578,958*

- the financial commitments for the Revolving Credit Facility granted to Amundi for €1,750 million at 31 December 2017 and 31 December 2016;
- the notional value of the derivatives contracted with funds and market counterparties whose fair values are presented in notes 7.3 and 7.4;

In € thousands	31/12/2018	31/12/2017
Interest-rate instruments	2,522,924	2,667,582
Other instruments	53,389,661	46,469,805
NOTIONAL TOTAL	**55,912,585**	**49,137,387**

- non-cancellable operating lease commitments were €199,947 thousand at 31 December 2018 (see note 9.6).

9.6 LEASES

The Group signed operating leases on the operations buildings used in France and other countries. The Group expects to receive minimum future payments for non-cancellable sub-leasing contracts.

In € thousands	31/12/2018	<= 1 year	Between 1 and 5 years	Above 5
Commitments given	202,653	56,425	120,763	25,464
Commitments received (sub-leases)	(2,706)	(875)	(1,831)	-
NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**199,947**	**55,550**	**118,932**	**25,464**

In € thousands	31/12/2017	<= 1 year	Between 1 and 5 years	Above 5
Commitments given	175,425	44,288	116,466	14,671
Commitments received (sub-leases)	(3,457)	(860)	(2,554)	(44)
NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**171,968**	**43,428**	**113,913**	**14,628**

The amount of future minimum payments in respect of operating leases mentioned above, and stated in accordance with IAS 17, is a good indicator of the amount of leasing debt that will be recognised in the financial statements when IFRS 16 is implemented.

9.7 SUBSEQUENT EVENTS

None.

9.8 STATUTORY AUDITORS' FEES

The breakdown by firm and type of activity in respect of the fees recognised in the consolidated financial statements for 2018 and 2017 is set out below:

In € thousands	2018			2017		
	PWC	**E&Y**	**Total**	**PWC**	**E&Y**	**Total**
Statutory audit, certification, audit of the statutory and consolidated financial statements	1,685	1,794	3,479	1,817	1,959	3,776
Services other than the audit of the financial statements(1)	778	736	1,514	1,217	481	1,698
STATUTORY AUDITORS' FEES	**2,463**	**2,530**	**4,993**	**3,034**	**2,440**	**5,474**

(1) Services other than the certification of the consolidated financial statements include: providing comfort letters, agreed procedures, statements of compliance with accounting standards, consulting on regulatory issues and due diligence in acquisitions.

The above-mentioned amounts include the following fees, relating to assignments to audit the financial statements and services other than auditing the financial statements performed at Amundi and its subsidiaries:

- by "Ernst & Young et Autres", for €865 thousand for auditing the financial statements and €59 thousand for services other than auditing the financial statements;
- by "PricewaterhouseCoopers Audit", for €798 thousand for auditing the financial statements and €175 thousand for services other than auditing the financial statements.