6.2 CONSOLIDATED FINANCIAL STATEMENTS

6.2.1 Income statement

In € thousands		2016	2015
Revenue from commissions and other income from customer activities	a	2,618,094	2,730,000
Commissions and other customer activity expenses	b	(1,021,235)	(1,133,599)
Net gains or losses on financial instruments at fair value through profit and loss on customer activities	c	28,276	7,081
Interest and similar income	d	7,097	11,224
Interest and similar expenses	e	(10,742)	(16,356)
Net gains or losses on financial instruments at fair value through profit and loss	f	11,996	27,529
Net gains and losses on available-for-sale financial assets	g	63,479	54,027
Income from other activities	h	8,266	7,776
Expenses from other activities	i	(27,865)	(30,800)
Net revenue from commissions and other customer activities (a)+(b)+(c)	4.1	**1,625,134**	**1,603,482**
Net financial income (d)+(e)+(f)+(g)	4.2	**71,829**	**76,424**
Other net income (h)+(i)	4.3	**(19,599)**	**(23,025)**
Net revenue		**1,677,364**	**1,656,881**
Operating expenses	4.4	(877,816)	(883,220)
Gross operating income		**799,549**	**773,662**
Cost of risk	4.5	(557)	(6,563)
Share of net income of equity-accounted entities	5.10	28,490	25,213
Net gains (losses) on other assets	4.6	22	13,587
Change in value of goodwill		-	-
Pre-tax income		**827,503**	**805,899**
Income tax charge	4.7	(258,356)	(286,027)
Net income for the fiscal year		**569,148**	**519,871**
Non-controlling interests		(883)	(1,241)
NET INCOME – GROUP SHARE		**568,265**	**518,630**
Basic earnings per share *(in euros)*(1)		**3.40**	**3.11**

(1) Basic earnings per share is identical to diluted earnings per share given the absence of any dilutive instruments. Details on the earnings per slave computation are disclased in note 5.14.3.

6.2.2 Net income and gains and losses recognised directly in equity

In € thousands	Notes	2016	2015
Net income		**569,148**	**519,871**
Actuarial gains and losses on post-employment benefits	*6.4*	*(3,258)*	*(80)*
Gains and losses on non-current assets held for sale		*-*	*-*
Pre-tax gains and losses recognised directly in non-recyclable equity excluding equity-accounted entities		(3,258)	(80)
Pre-tax gains and losses recognised directly in non-recyclable equity of equity-accounted entities		-	-
Taxes on gains and losses recognised directly in non-recyclable equity, excluding equity-accounted entities		1,066	(594)
Taxes on gains and losses recognised directly in non-recyclable equity of equity-accounted entities		-	-
Net gains and losses recognised directly in equity and not recyclable at a later date to profit and loss		**(2,193)**	**(674)**
Translation gains and losses (a)		*6,426*	*17,808*
Gains and losses on available-for-sale assets (b)	*5.5.2*	*24,696*	*(42,272)*
Gains and losses on hedging derivative instruments (c)		*-*	*-*
Gains and losses on non-current assets held for sale (d)		*-*	*-*
Pre-tax gains and losses recognised directly in recyclable equity excluding equity-accounted entities (a)+(b)+(c)+(d)		31,122	(24,464)
Taxes on gains and losses recognised directly in recyclable equity, excluding equity-accounted entities		4,097	11,468
Pre-tax gains and losses recognised directly in recyclable equity of equity-accounted entities		(122)	5,380
Taxes on gains and losses recognised directly in recyclable equity of equity-accounted entities		-	-
Net gains and losses recognised directly in equity and recyclable at a later date to profit and loss		**35,097**	**(7,615)**
Net gains and losses recognised directly in equity		**32,904**	**(8,289)**
TOTAL NET INCOME INCLUDING NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY		**602,052**	**511,582**
of which Group share		601,110	510,360
of which non-controlling interests		942	1,222

6.2.3 Balance sheet assets

In € thousands	Notes	31/12/2016	31/12/2015
Cash, central banks	5.1	24	25
Financial assets designated at fair value through profit and loss	5.2	6,246,976	5,583,856
Available-for-sale financial assets	5.5	1,922,746	1,478,869
Loans and receivables due from credit institutions	5.6	513,016	738,716
Current and deferred tax assets	5.8	110,540	106,931
Accruals, prepayments and sundry assets	5.9	1,644,866	1,743,460
Investments in equity-accounted entities	5.10	169,215	125,873
Property, plant and equipment	5.11	41,164	44,356
Intangible assets	5.11	107,888	111,210
Goodwill	5.12	3,161,540	2,998,546
TOTAL ASSETS		**13,917,975**	**12,931,842**

6.2.4 Balance sheet liabilities & equity

In € thousands	Notes	31/12/2016	31/12/2015
Financial liabilities designated at fair value through profit and loss	5.3	5,226,262	3,860,331
Due to credit institutions	5.7	94,982	460,566
Current and deferred tax liabilities	5.8	87,096	79,452
Accruals, deferred income and sundry liabilities	5.9	1,792,198	2,036,662
Provisions	5.13	72,754	81,488
Total debt		**7,273,292**	**6,518,499**
Equity, Group share		**6,644,355**	**6,406,761**
Share capital and reserves	5.14.1	1,569,838	1,542,788
Consolidated reserves		4,431,743	4,303,683
Gains and losses recognised directly in equity		74,510	41,661
Net income (loss) for the year	5.15	568,265	518,630
Non-controlling interests		**328**	**6,582**
Total equity		**6,644,683**	**6,413,344**
TOTAL LIABILITIES		**13,917,975**	**12,931,842**

6.2.5 Statement of changes in equity

	Group share					
	Share capital and reserves				Gains and losses recognised directly in equity	
In € thousands	**Share capital**	**Share premiums and consolidated reserves related to capital**	**Elimination of treasury shares**	**Total capital and consolidated reserves**	**Will not be reclassified to profit and loss**	**May be reclassified to profit and loss**
Equity as of 1 January 2015	**416,979**	**5,656,420**	**-**	**6,073,400**	**(8,843)**	**58,778**
Capital increase	1,134	14,839		15,973		
Dividends paid in 2015		(243,515)		(243,515)		
Impact of acquisitions and disposals on non-controlling interests				-		
Changes related to stock options				-		
Changes related to transactions with shareholders	**1,134**	**(228,676)**		**(227,542)**	**-**	**-**
Changes in gains and losses recognised directly in equity				-	(655)	(12,997)
Share in changes in equity of equity-accounted entities				-		5,382
Net income for the fiscal year as of 31 December 2015				-		
Other comprehensive income for the fiscal year ended 31 December 2015	**-**	**-**		**-**	**(655)**	**(7,615)**
Other changes		614		614		(5)
Equity as of 31 December 2015	**418,114**	**5,428,358**	**-**	**5,846,471**	**(9,498)**	**51,158**
Appropriation of 2015 net income		518,630		518,630		
EQUITY AS OF 1 JANUARY 2016	**418,114**	**5,946,988**	**-**	**6,365,101**	**(9,498)**	**51,158**
Capital increase	1,700	27,550		29,250		
Changes in treasury shares			(2,201)	(2,201)		
Dividends paid in 2016		(342,754)		(342,754)		
Impact of acquisitions and disposals on non-controlling interests (1)		(51,714)		(51,714)		
Changes related to share-based payments		3,446		3,446		
Changes related to transactions with shareholders	**1,700**	**(363,472)**	**(2,201)**	**(363,973)**	**-**	**-**
Changes in gains and losses recognised directly in equity				-	(2,252)	35,219
Share of changes in equity of equity-accounted entities				-		(122)
Net income as of 31 December 2016				-		
Other comprehensive income as of 31 December 2016				**-**	**(2,252)**	**35,097**
Other changes		453		453	2	3
EQUITY AS OF 31 DECEMBER 2016	**419,814**	**5,583,969**	**(2,201)**	**6,001,581**	**(11,748)**	**86,258**

(1) Changes due to change in scope of consolidation of KBI Global Investors and Amundi Iberia (see note 9.3 on scope of consolidation).

		Non-controlling interests				
			Gains and losses recognised directly in equity			
Net income	**Equity, Group share**	**Consolidated capital reserves and income**	**Will not be reclassified to profit and loss**	**May be reclassified to profit and loss**	**Non-controlling interests**	**Total equity**
	6,123,333	6,274	(67)	-	6,207	6,129,540
	15,973				-	15,973
	(243,515)	(848)			(848)	(244,363)
	-				-	-
	-				-	-
-	**(227,542)**	**(848)**	**-**	**-**	**(848)**	**(228,390)**
	(13,652)		(19)		(19)	(13,671)
	5,382				-	5,382
518,630	518,630	1,241			1,241	519,871
518,630	**510,360**	**1,241**	**(19)**	**-**	**1,222**	**511,582**
	609				-	609
518,630	**6,406,761**	**6,667**	**(86)**	**-**	**6,582**	**6,413,344**
(518,630)	-				-	-
-	**6,406,761**	**6,667**	**(86)**	**-**	**6,582**	**6,413,344**
	29,250				-	29,250
	(2,201)				-	(2,201)
	(342,754)	(1,289)			(1,289)	(344,043)
	(51,714)	(5,907)			(5,907)	(57,621)
	3,446				-	3,446
-	**(363,973)**	**(7,196)**	**-**	**-**	**(7,196)**	**(371,169)**
	32,967		59		59	33,026
	(122)				-	(122)
568,265	568,265	883			883	569,148
568,265	**601,110**	**883**	**59**	**-**	**942**	**602,052**
	458				-	458
568,265	**6,644,355**	**354**	**(27)**	**-**	**328**	**6,644,683**

6.2.6 Cash flow statement

The Group's cash flow statement is presented below using the indirect method. Cash flows are shown by type: operational activities, investment activities and financing activities.

Operating activities are activities carried out on behalf of third parties and which mainly produce fee and commission cash flows, and activities on its own behalf (investments and related financing, intermediation of swaps between funds and markets, etc.). Tax inflows and outflows are included in full within operating activities.

Investing activities include acquisitions and disposals of investments in consolidated and non-consolidated companies, along with purchases of property, plant and equipment and intangible assets. Non-consolidated equity investments included in this item are accounted for as "Available-for-sale assets".

Financing activities cover all transactions relating to equity (issues and buybacks of shares and other equity instruments, dividend payments etc.).

Net cash and cash equivalents include cash, debit and credit balances with central banks, debit and credit demand balances in ordinary bank accounts, and overnight accounts and loans.

In € thousands	Notes	2016	2015
Pre-tax income		**827,503**	**805,899**
Net depreciation and amortisation and provisions in relation to property, plant and equipment and intangible assets	4.4	14,705	15,164
Goodwill impairment		-	-
Net write-downs and provisions		(11,424)	8,602
Share of income of equity-accounted entities		(28,490)	(25,213)
Net income from investment activities		(27,370)	(13,587)
Net income from financing activities		-	-
Other movements		502	(21,916)
Total non-monetary items included in net income before taxes and other adjustments		**(52,077)**	**(36,950)**
Changes in interbank items (1)		(287,602)	(154,420)
Changes in financial assets and liabilities (2)	5.6 5.7	379,412	433,890
Changes in non-financial assets and liabilities (3)		(199,372)	(385,049)
Dividends from equity-accounted affiliates	5.10	15,554	12,931
Tax paid	4.7	(248,036)	(334,785)
Net decrease (increase) in assets and liabilities from operating activities		**(340,043)**	**(427,434)**
Net cash flows from operating activities (A)		**435,383**	**341,515**
Change in equity investments (4)		(213,889)	(298,457)
Change in property, plant and equipment and intangible assets		(23,668)	(17,103)
Net cash flows from investing activities (B)		**(237,557)**	**(315,560)**
Cash flow from or intended for shareholders		(346,248)	(228,394)
Other net cash flows from financing activities		-	-
Net cash flow from financing operations (C)		**(346,248)**	**(228,394)**
Impact of exchange rate changes and other changes on cash (D)		2,161	13,910
CHANGES IN NET CASH (A + B + C + D)		**(146,261)**	**(188,530)**

Cash at beginning of the period	**570,610**	**759,140**
Net cash balance and central banks	25	26
Net balance of accounts, demand loans and borrowings with credit institutions	570,585	759,114
Cash at end of the period	**424,350**	**570,610**
Net cash balance and central banks	24	25
Net balance of accounts, demand loans and borrowings with credit institutions	424,326	570,585
CHANGES IN NET CASH	**(146,261)**	**(188,530)**

(1) Credit institution flows in 2016 include repayments of loans taken out with the Crédit Agricole group.
(2) Operating flows impacting financial assets and liabilities include investments in the investment portfolio net of transfers.
(3) The flow of non-financial assets and liabilities includes margin calls on collateralised derivatives. These amounts fluctuate depending on the fair value of the underlying derivatives.
(4) 2016 flows largely involve the acquisitions described in note 9.3.2 and the increased equity investment by Amundi in non-consolidated companies.

6.3 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES

YEAR HIGHLIGHTS

The scope of consolidation and changes in the scope as of 31 December 2016 are presented in detail in note 9.3.

Here we highlight the three principal transactions carried out during financial year 2016, one of which is expected to be completed in the first half of 2017.

Acquisition of Kleinwort Benson Investors (KBI)

On 31 August 2016 Amundi completed its purchase from Oddo & cie of the Irish management company Kleinwort Benson Investors, immediately renamed KBI Global Investors.

KBI Global Investors is a rapidly growing asset management company, specialising in equities.

The accounting effects of this transaction are described in note 9.3.2.

Acquisition of Crédit Agricole Immobilier Investors

Amundi and Crédit Agricole Immobilier finalised their agreement to combine their real estate management activities by merging their dedicated management companies Amundi Immobilier and CA Immobilier Investors (CAII).

Under this arrangement, Amundi acquired 100% of the equity in CA Immobilier Investors (CAII) in exchange for an issue of Amundi shares. The transaction was finalised on 27 October 2016.

The accounting effects of this transaction are described in note 9.3.2.

Agreement signed for the acquisition of Pioneer Investments

On 11 December 2016 Amundi and UniCredit signed a binding agreement for Amundi to acquire the business activities of Pioneer Investments.

At 31 December 2016 this transaction remained subject to the usual closing conditions, in particular the approval of the relevant regulatory authorities (regulators and antitrust). The transaction could close by the end of the second quarter 2017.

Because of these conditions precedent, Pioneer Investments is expected to be consolidated during the first half of 2017, after the deal has gone through.

At the balance sheet date, the price of this acquisition was estimated at €3.5 billion. The plan is to finance about €1.5 billion of this with Amundi's surplus equity, about €1.4 billion with a capital increase with preferential subscription rights, and the remainder of about €0.6 billion with senior and subordinated debt.

NOTE 1 PRINCIPLES AND METHODS

1.1 APPLICABLE STANDARDS AND COMPARABILITY

These consolidated financial statements were prepared in accordance with IAS/IFRS standards and the IFRIC interpretations applicable as of 31 December 2016, as adopted by the European Union. The standards are available from the European Commission website at: *http://ec.europa.eu/finance/company-reporting/index_ en.htm*

1.1.1 Guidelines applied at 31/12/2016

The accounting principles and methods chosen by Amundi Group to prepare its consolidated financial statements as of 31 December 2016 are identical to those used for the preparation of the consolidated statements for the period closed on 31 December 2015, with the exception of the following standards, amendments and interpretations applicable to the 2016 fiscal period:

Standards, amendments and interpretations	Date of publication by the European Union	Date of first compulsory application for fiscal periods starting on or after:
Amendment to IAS 19: Defined Benefit Plans: Employee Contributions	17 December 2014 (EU no.2015/29)	1 February 2015
IFRS improvements (2010-2012 cycle): IFRS 2 Vesting, market, performance and service conditions	17 December 2014 (EU no.2015/28)	1 February 2015
IFRS improvements (2010-2012 cycle): IFRS 3 Accounting for contingent consideration	17 December 2014 (EU no.2015/28)	1 February 2015
IFRS improvements (2010-2012 cycle): IFRS 8 Aggregation of operating segments and reconciliation of segment assets with total assets	17 December 2014 (EU no.2015/28)	1 February 2015
IFRS improvements (2010-2012 cycle): IAS 16 and IAS 38 Revaluation and proportionate restatement of accumulated depreciation	17 December 2014 (EU no.2015/28)	1 February 2015
IFRS improvements (2010-2012 cycle): IAS 24 Notion of key management personnel services	17 December 2014 (EU no.2015/28)	1 February 2015
Amendments to IFRS 11 "Accounting for Acquisitions of Interests in Joint Operations"	24 November 2015 (EU 2015/2173)	1 January 2016
Amendments to IAS 16 and IAS 38 "Clarification of Acceptable Methods of Depreciation and Amortisation"	2 December 2015 (EU 2015/2231)	1 January 2016
IFRS improvements (2012-2014 cycle): IAS 19 "Precision on the yield of government bonds used for actualisation of actuarial liabilities"	15 December 2015 (EU 2015/2343)	1 January 2017
IFRS improvements (2012-2014 cycle): IAS 34 "Clarification on position of disclosure of other information"	15 December 2015 (EU 2015/2343)	1 January 2016
IFRS improvements (2012-2014 cycle) : IFRS 7 Financial instruments. Informations to be disclosed : Clarification on keeping continuous involvement in contract services.	15 December 2015 (EU 2015/2343)	1 January 2016
IFRS improvements (2012-2014 cycle): IFRS 5 Precision on modifications on changes on a disposal plan	15 December 2015 (EU 2015/2343)	1 January 2016
Amendment to IAS 1 "Presentation of the financial statements"	18 December 2015 (EU 2015/2406)	1 January 2016

1.1.2 Early application of standards

In addition, Amundi did not choose to apply the standards and interpretations adopted by the European Union early. The first required application is for fiscal periods opening after 31 December 2016.

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of first compulsory application for fiscal periods starting on:
IFRS 15 "Revenue from contracts with customers"	22 September 2016 (EU 2016/1905)	1 January 2018
IFRS 9 "Financial instruments"	22 November 2016 (EU 2016/2067)	1 January 2018

IFRS 15 "Revenue from Contracts with Customers"

This standard will apply to financial years starting on or after 1 January 2018 (in accordance with Regulation EU 2016/1905). The amendment "Clarification of IFRS 15", which adds further detail, is in the process of being adopted by the European Union and should take effect at that same date.

IFRS 15 will replace IAS 11 "Construction Contracts" and IAS 18 "Revenue", as well as all related interpretations, IFRIC 13 "Customer Loyalty Programs", IFRIC 15 "Agreements For The Construction Of Real Estate", IFRIC 18 "Transfers Of Assets From Customers" and SIC 31 "Barter Transactions Involving Advertising Services".

IFRS 15 brings into a single norm the principles for recognising revenue for long-term sales contracts, the sale of property and services rendered that do not fall within the scope of standards concerning financial instruments (IAS 39), insurance contracts (IFRS 4) and leases (IAS 17). It introduces new concepts that could change the way certain items of net banking income are recognised.

At this point, Amundi does not anticipate significant impact from applying this new standard.

IFRS 9 "Financial instruments"

This standard issued by the IASB is intended to replace 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 expected to come into force on a mandatory basis for fiscal years beginning on or after 1 January 2018.

The Group has taken action to adopt this standard on time, combining its accounting, finance and risk functions in addition to all of the entities concerned. Analyses were primarily focused on the changes brought about by:

- the new criteria for classifying and measuring financial assets;
- the changed model for impairment of credit risk relative to guarantees given, which allows turning a provision for known credit losses into a provision for expected credit losses (ECLs). The aim of the new ECL approach is to allow credit losses to be recognised at the earliest possible time, removing the need to wait for an objective incurred loss event.

At this point Amundi does not anticipate significant impact from the adoption this new standard.

1.1.3 IFRS standards not yet adopted by the European Union

In addition, the standards and interpretations published by the IASB but not yet adopted by the European Union will not become compulsory until they are adopted and were, therefore, not applied by the Group on 31 December 2016. The standards cover the following, in particular:

Standards, Amendments and Interpretations	Date of publication by the European Union	Date of first compulsory application for fiscal periods starting on:
IFRS 16 Leases	13 January 2016	1 January 2019

The Group is currently analysing the impact and has not yet identified any significant impact on the statements as a result of standards which are not yet applicable.

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 call for a model in respect of lessees that recognizes 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.

An impact study on the implementation of the standard in the Group will be undertaken in 2017 in order to assess the main effects at issue.

In addition, three amendments to existing standards have been published by the IASB that pose no major issue to the Group: These are the amendments to IAS 7 "Statement of Cash Flows" and IAS 12 "Income Taxes", which apply to the Group as of 1 January 2017, while the amendment to IFRS 2 Classification and measurement of share-based payment transactions will be applicable as of 1 January 2018. These dates will be confirmed once the standards have been adopted by the European Union.

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 nature in note 6.2.1.

The main income statement aggregates are:

- net income, including net revenues from commissions and other customer activities (note 1.3.9) and net financial income;
- operating expenses;
- cost of risk (note 1.3.10);
- 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 financial statements in accordance with 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 1.4.5 and 5.12);
- appreciation of the concept of control (see note 1.4.1.1);
- the fair value valuation 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 5.13);
- write-downs of available-for-sale securities (see notes 1.3.2.1 and 5.5).

1.3.2 Financial instruments

Financial assets and liabilities are recognised in the financial statements in accordance with the provisions of IAS 39 as adopted by the European Union.

When initially recognised, financial assets and liabilities are valued at their fair value including trading costs (with the exception of financial instruments recognised at fair value through the income statement). 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.

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.

The effective interest rate is the rate that accurately discounts future cash payments and receipts over the expected life of the financial instrument or, where appropriate, over a shorter period, in order to obtain the net carrying value of the financial asset or liability.

1.3.2.1 Securities on the asset side

CLASSIFICATION OF FINANCIAL ASSETS

Securities are divided into the four securities asset categories defined in IAS 39:

- financial assets at fair value through profit and loss, either by nature or designated;
- available-for-sale financial assets;
- loans and receivables;
- financial assets held to maturity.

The last category is not used by the Amundi Group.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS, EITHER BY NATURE OR DESIGNATED

According to IAS 39, this portfolio comprises securities that are classified under financial assets at fair value through profit or loss either as a result of a genuine intention to trade them (classification by nature) or as a result of being designated at fair value by Amundi.

Financial assets at fair value through profit or loss by nature 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.

The recognition of financial assets designated at fair value through profit and loss may be retained provided it covers one of the following situations: hybrid instruments including one or more embedded derivatives, so as to lessen the distortion of the accounting treatment or, in the case of groups of managed financial assets whose performance is measured at fair value.

Under this heading Amundi recognises seed money, short-term cash investments and hedging assets for EMTN issues.

Securities classified under financial assets at fair value through profit and loss are initially recognised at fair value, excluding transaction costs directly attributable to their acquisition (which are taken directly to profit or loss) and including accrued interest. They are subsequently carried at fair value and changes in fair value are taken to profit and loss.

No write-downs are booked for this category of securities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

IAS 39 defines the “Available-for-sale financial assets” category as the category by default or by designation.

Available-for-sale financial assets are initially recognised at fair value, including transaction costs that are directly attributable to the acquisition and including accrued interest.

In this category, Amundi recognises holdings in which the Group does not have a controlling interest or notable influence, as well as cash investments other than short-term cash investments.

Available-for-sale financial assets are later measured at fair value and subsequent changes in fair value are recorded in gains and losses recognised directly in equity. In the event of sale or write-down, these changes are transferred to profit and loss.

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.

This category of securities is subject to write-downs under the conditions described in the chapter entitled “Write-downs on available-for-sale financial assets”.

LOANS AND RECEIVABLES

“Loans and receivables” comprises unlisted financial assets that generate fixed or determinable revenues.

“Loans and receivables” portfolio securities are initially recognised at their acquisition price, including transaction costs that are directly attributable to the acquisition and including accrued interest.

They are subsequently valued at amortised cost with amortisation of any premium/discount and transaction costs using the effective interest rate method.

Amundi recognises loans granted to credit institutions under this item.

This category of financial assets is amortised under the conditions described in the dedicated “Write-downs of loans and receivables” chapter.

FINANCIAL ASSETS HELD TO MATURITY

Amundi does not hold any securities classified as “held-to-maturity financial assets”.

WRITE-DOWNS OF AVAILABLE-FOR-SALE FINANCIAL ASSETS

Write-downs are recognised when there is objective evidence of impairment as a result of one or more events occurring after acquisition of securities other than securities classified as at fair value through profit or loss.

Objective evidence of loss corresponds to a prolonged or significant decline in the value of the security for equity securities, or the appearance of significant deterioration in credit risk evidenced by a risk of non-recovery for debt securities.

For equity securities, Amundi, uses quantitative criteria such as potential write-down indicators. These quantitative criteria are based on a loss of value of over 30% over a period of six consecutive months. Amundi also takes into consideration factors such as financial difficulties experienced by the issuer and the short-term outlook. In addition to these criteria, Amundi systematically recognises an impairment loss when there is a decline in price of more than 50% for more than three years. These rules apply to fund units held by Amundi.

For debt securities, the write-down criteria are those applicable to loans and receivables (see below).

Such write-down is recognised for available-for-sale securities through a transfer to profit and loss of the amount of the aggregate loss in equity with the possibility that, for debt instruments, in the event of subsequent recovery in the price of the securities, the loss previously transferred to profit and loss may be reversed when justified by circumstances.

WRITE-DOWNS OF LOANS AND RECEIVABLES

These write-downs are created for loans and receivables when there is an objective indication of a loss of value tied to an event which occurred after the loan was granted.

The following are examples of write-down indicators:

- the existence of unpaid receivables for three months or more;
- significant known or observed financial difficulties;
- concessions granted on credit terms, which would not have been granted in the absence of financial difficulties.

A write-down is measured as the difference between the carrying value before depreciation and the value, discounted at the effective original interest rate of the asset, of the components deemed to be recoverable (principal, interest and guarantees). The amount of the loss is recognised in the income statement with a potential reversal in the event of a subsequent improvement.

1.3.2.2 Reclassification of financial assets

Amundi does not use the provisions of IAS 39 on the reclassification of financial assets.

1.3.2.3 Temporary acquisition and disposal of securities

Within the meaning of IAS 39, temporary sales of securities (securities lending/borrowing, repurchase agreements) do not fulfil the derecognition conditions of IAS 39 and are regarded as collateralised financing.

Securities lent or sold under repurchase agreements remain on the balance sheet. In the case of repurchases, the amounts received, representing the liability to the transferee, are recognised on the liabilities side of the balance sheet by the transferor.

Items borrowed or bought under repurchase agreements are not recognised on the transferee's balance sheet. A receivable is recognised for the amount paid. However, if the security is subsequently resold, the transferee must record a liability which represents the obligation to return the securities received under a repurchase agreement.

Income and expenses related to these transactions are posted to the income statement *prorata temporis*, except in the case of assets and liabilities recognised at fair value through profit or loss.

1.3.2.4 Financial liabilities

CLASSIFICATION OF FINANCIAL LIABILITIES

IAS 39 adopted by the European Union recognises three categories of financial liabilities:

- financial liabilities at fair value through profit and loss. Fair value changes in this portfolio are recognised in profit and loss at accounting end-periods;
- financial liabilities designated at fair value through profit or loss. The recognition of financial liabilities designated at fair value through profit and loss may be retained provided it covers one of the following situations: hybrid instruments including one or more embedded derivatives, lessening the distortion of the accounting treatment or, in the case of groups of managed financial liabilities whose performance is measured at fair value;
- other financial liabilities: this category includes all other financial liabilities. This portfolio is initially measured at fair value (including transaction income and costs) and subsequently at amortised cost using the effective interest rate method.

DISTINCTION BETWEEN LIABILITIES AND EQUITY

The difference between debt instruments and equity is based on an analysis of the substance of the contractual terms.

A debt instrument is a contractual obligation to:

- deliver cash or another financial asset; or
- exchange instruments under potentially unfavourable conditions.

An equity instrument is a contract 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.

1.3.2.5 Derivative instruments

Derivative instruments are financial assets or liabilities and are recognised on the balance sheet at fair value at inception of the transaction. At the end of each reporting period, these derivatives are measured at fair value, regardless of whether they are held for trading or used for hedging.

Any change in the value of derivatives on the balance sheet is recorded in profit and loss (except in the special case of a cash flow hedging relationship).

HEDGE ACCOUNTING:

Fair value hedging is intended to provide protection from exposure to changes in the fair value of a financial instrument.

Cash flow hedging is intended to provide protection from a change in future cash flows from financial instruments associated with a recognised asset or liability (for example, with all or part of future interest payments on a floating-rate debt) or a projected transaction that is considered to be highly probable.

Hedging of net investments 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.

Hedges must 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.

Hedges are recognised as follows:

- **fair value hedges**: 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 reclassified 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 hedges**: only the hedging instrument continues to be revalued as a counterparty to profit or loss. The hedged item is wholly accounted for according to its classification. For available-for-sale securities, changes in fair value subsequent to the end of the hedging relationship are recorded in equity. For hedged items valued at amortised cost, which were interest rate hedged, 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 or 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.

1.3.2.6 Measurement of the fair value of financial instruments

The fair value of financial instruments is identified and presented using the hierarchy defined in 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 are 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 true of the CVA calculation (credit valuation adjustment) and of the DVA calculation (Debit Valuation 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 based on observable and 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 determination of expected losses on Amundi 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 investment fund securities 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).

Financial instruments valued at Level 1 fair value are presented in note 7.

- 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 (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 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, the day one gain or loss on the instruments valued in this way is recognised in profit or loss from inception.

Financial instruments valued at Level 2 fair value are presented in note 7.

- 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.

This is the case for private equity fund units, whose valuation requires parameters which 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 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.

Financial instruments valued at Level 3 fair value are presented in note 7.

In accordance with the principles of IAS 39, if there is no satisfactory method or if the techniques used yield excessively divergent results, the security will continue to be valued at cost and recorded in "Available-for-sale financial assets" because its fair value cannot be reliably measured. In this case, Amundi will not report a fair value, in accordance with the recommendations of IFRS 7 in effect.

1.3.2.7 Net gains or losses on financial instruments

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

This heading includes the following income statement items for financial instruments designated at fair value through profit or loss and held-for-trading financial assets and liabilities:

- 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;
- the ineffective portion of fair value hedges, cash flow hedges and net currency investments.

This heading also includes the revenue from structured EMTN issues (Euro Medium-Term Notes) for customers given that the issue vehicles are consolidated.

NET GAINS AND LOSSES ON AVAILABLE-FOR-SALE FINANCIAL ASSETS

For available-for-sale financial assets, this heading includes the following income statement items:

- dividends and other revenue from equities and other variable-income securities classified as available-for-sale financial assets;
- gains and losses on disposals of fixed-income and variable-income securities classified as available-for-sale financial assets;
- losses on variable-income securities;
- net income on disposals or termination of fair value hedging instruments of available-for-sale financial assets when the hedged item is sold;
- gains and losses on disposal or termination of loans and receivables.

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 at any moment 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 5.4. on the amendment to IFRS 7 on disclosures regarding the offsetting of financial assets and financial liabilities.

1.3.2.9 Derecognition of financial instruments

A financial asset (or group of financial assets) is fully or partially derecognised 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
- substantially 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.

A financial liability is derecognised in full or in part:

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

1.3.2.10 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.

The 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.

1.3.2.11 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.

1.3.2.12 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 year and during prior years. Consequently, Amundi Group entities have no liabilities in this respect other than their contributions for the year ended.

1.3.2.13 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 19R, 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.

1.3.2.14 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 evaluation 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 presence in the Company at the time of payment to the employees to whom they were granted.

1.3.3 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 Employee Savings Plan. 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".

1.3.4 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 probable 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 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,
  - ii) or 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.

1.3.5 Property, plant and equipment

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

Operating and investment buildings, as well as equipment, are stated at acquisition price less accumulated depreciation, amortisation and write-downs since the time they were placed into service.

Depreciation

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

▪ Building improvements	5 -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.

1.3.6 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 recognised at production cost less accumulated depreciation and write-downs 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.

1.3.7 Foreign currency transactions

A distinction is made between monetary and non-monetary items, in application of IAS 21.

At period end, foreign-currency denominated monetary assets and liabilities are translated into 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 amortised cost is taken to profit and loss; the balance is recorded in equity;
- translation 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.

Translation 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.

1.3.8 Earnings per share

In accordance with IAS 33, earnings 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.

1.3.9 Fees

Most of the Group's revenue comes from managing assets for third parties in collective or individual vehicles (dedicated funds or mandates). They are primarily based on the assets of the funds managed.

Net fees and commissions include net management fees, which equal gross management fees received net of commissions paid:

- gross management fees received remunerate portfolio management services; they are recognised as the services are rendered and are primarily calculated via the application of a percentage to the assets managed; they are collected monthly, quarterly, and sometimes over a longer period;
- the commissions paid consist of:
  - rebates paid to third-party distributors as provided by contract. These generally equal a percentage of net management fees,
  - custodian and valuation agent fees, when they are paid by the asset management company, and to a lesser extent, certain related administrative costs such as ETF listing fees.

Net fees and commissions also include:

- commissions paid to Amundi for the guarantee provided on guaranteed funds or structured EMTNs. These commissions include various costs associated with the creation and ongoing management of structured products;
- transaction fees paid by funds for the execution of purchases and sales of securities on behalf of funds by the Amundi trading desk;
- other fees for lesser amounts, including: entry fees, consulting services fees, borrowing and lending securities fees, and Employee Savings Plan account-holding fees.

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.

The fees and commissions received or paid for occasional services are recognised in full in profit and loss at inception.

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

- the amount of the fees can be reliably estimated;
- it is probable that the future economic benefits resulting from the services rendered will flow to the Company;
- 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.

Performance fees are therefore recognised in profit and loss at the end of the calculation period, except for money-market funds, for which they are recognised on an ongoing basis.

The fees and commission remunerating ongoing services are recorded in profit and loss over the period of the service rendered.

1.3.10 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.

1.3.11 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.

1.3.12 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 2015 and 2016 fiscal periods.

1.4 PRINCIPLES AND METHODS OF CONSOLIDATION

1.4.1 Scope of consolidation 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 three consecutive quarters.

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 Consolidation methods

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 transactions);
- 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. Translation adjustments for assets, liabilities and income statement items are recorded under a specific item in equity. These translation differences are recognised as profit or loss at the time of the total or partial transfer 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, the acquiree 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 acquirer'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 acquirer, on the acquisition date, in exchange for control of the acquired entity (for example: cash, equity instruments, etc.).

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, 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 the selling price and the carrying amount of the share of net assets sold is also recognised directly 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 it belongs to.

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 transversality of the functions inherent to asset management. This centralisation and integration translate into the following organisational principles: An integrated management platform, transversal investment products and solutions, interlinked sales and key transversal 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

A description of these processes and commentary now appear in the chapter on "Risk Analysis" in the management report, as allowed by IFRS 7. Nonetheless, 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 breaks down into three categories: Common Equity Tier 1 capital (or CET 1), Additional Tier 1 capital (or AT 1) and Tier 2 capital consisting of equity and debt instruments, to which various adjustments are made. Amundi has almost exclusively Tier 1 capital, consisting of share capital and undistributed reserves (no securities issued by the Group equivalent to Tier 1 or Tier 2 capital). 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 met all regulatory requirements in effect as at 31 December 2016, as it did in 2015.

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.

	31/12/2016					
In € thousands	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Financial assets held for trading	72,146	132,716	1,453,053	533,993		2,191,908
Financial assets designated at fair value through profit and loss	13,629		889,178	2,154,473	997,788	4,055,068
Total financial assets at fair value through profit and loss	**85,775**	**132,716**	**2,342,231**	**2,688,466**	**997,788**	**6,246,976**
Available-for-sale financial assets					1,922,746	1,922,746
Total available-for-sale financial assets	**-**	**-**	**-**	**-**	**1,922,746**	**1,922,746**
Loans and receivables due from credit institutions	456,195	54,071	2,750			513,016
Total loans and receivables due from credit institutions	**456,195**	**54,071**	**2,750**	**-**	**-**	**513,016**
Financial liabilities held for trading	67,523	130,622	1,423,076	470,396		2,091,618
Financial liabilities designated at fair value through profit and loss			889,178	2,245,465		3,134,644
Total financial liabilities at fair value through profit and loss	**67,523**	**130,622**	**2,312,254**	**2,715,862**	**-**	**5,226,262**
Due to credit institutions	9,598	85,384				94,982
Total due to credit institutions	**9,598**	**85,384**	**-**	**-**	**-**	**94,982**

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

	31/12/2015					
In € thousands	≤ 3 months	> 3 months to ≤ 1 year	> 1 year to ≤ 5 years	> 5 years	Indefinite	Total
Financial assets held for trading	177,522	245,788	1,162,018	450,231	-	2,035,560
Financial assets designated at fair value through profit and loss	29,290	-	453,986	1,373,572	1,691,448	3,548,296
Total financial assets designated at fair value through and loss	**206,812**	**245,788**	**1,616,004**	**1,823,803**	**1,691,448**	**5,583,856**
Available-for-sale financial assets	-	-	-	-	1,478,869	1,478,869
Total available-for-sale financial assets	**-**	**-**	**-**	**-**	**1,478,869**	**1,478,869**
Loans and receivables due from credit institutions	635,836	50,130	52,750	-	-	738,716
Total loans and receivables due from credit institutions	**635,836**	**50,130**	**52,750**	**-**	**-**	**738,716**
Financial liabilities held for trading	177,789	231,855	1,173,436	397,906	-	1,980,984
Financial liabilities designated at fair value through profit and loss	-	-	453,986	1,425,361	-	1,879,347
Total financial liabilities at fair value through profit and loss	**177,789**	**231,855**	**1,627,422**	**1,823,267**	**-**	**3,860,331**
Due to credit institutions	339,500	71,900	49,166	-	-	460,566
Total due to credit institutions	**339,500**	**71,900**	**49,166**	**-**	**-**	**460,566**

NOTE 4 NOTES CONCERNING NET INCOME AND GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

4.1 NET ASSET MANAGEMENT REVENUE

Commissions and fees break down as follows:

In € thousands	2016	2015
Net fee and commission income	1,510,236	1,465,511
Performance fees	114,898	137,971
NET ASSET MANAGEMENT REVENUE	**1,625,134**	**1,603,482**

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

4.2 NET FINANCIAL INCOME

In € thousands	2016	2015
Interest income	7,097	11,224
Interest expenses	(10,742)	(16,356)
Net interest income	**(3,645)**	**(5,132)**
Unrealised or realised gains or losses on assets/liabilities at fair value through profit and loss by nature	(208)	(38)
Unrealised or realised gains or losses on assets/liabilities designated at fair value through profit and loss[(1)]	(3,971)	71,191
Balance of currency and similar financial instrument transactions	16,175	(43,624)
Net gains or losses on financial instruments at fair value through profit and loss	**11,996**	**27,529**
Dividends received	18,544	12,404
Gains or losses on sales of available-for-sale financial assets	45,995	44,473
Losses on securities durably impaired (equity securities)	(1,060)	(2,850)
Gains or losses on disposals on loans and receivables	-	-
Net gains and losses on available-for-sale financial assets	**63,479**	**54,027**
NET FINANCIAL INCOME	**71,829**	**76,424**

(1) *At 31 December 2016 this item includes €14,461 thousand from the partial reduction in the earn-out recognised by Amundi on the acquisition of Smith Breeden in 2013.*

4.3 OTHER NET INCOME

In € thousands	2016	2015
Other net income (expenses) from banking operations	(27,559)	(28,481)
Other net income (expenses) from non-banking operations	7,960	5,456
OTHER NET INCOME	**(19,599)**	**(23,025)**

Other net income includes revenue from non-Group entities generated by the Amundi subsidiary that provides IT services primarily within the Group, along with the amortisation of intangible assets relating to distribution agreements acquired in business combinations.

4.4 OPERATING EXPENSES

In € thousands	2016	2015
Employee expenses (including seconded and temporary personnel)	(557,439)	(565,055)
Other operating expenses	(320,376)	(318,165)
Including external services related to personnel and similar expenses	*(3,076)*	*(7,234)*
TOTAL GENERAL OPERATING EXPENSES	**(877,816)**	**(883,220)**

An analysis of employee expenses is presented in note 6.2.

Other operating expenses include allowances for depreciation and amortisation and write-downs on property, plant and equipment and intangible assets as follows:

In € thousands	2016	2015
Depreciation and amortisation	**(14,705)**	**(15,164)**
Property, plant and equipment	(10,188)	(10,908)
Intangible assets	(4,517)	(4,256)
Write-downs	**-**	**-**
Property, plant and equipment	-	-
Intangible assets	-	-
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF PROPERTY, PLANT & EQUIPMENT AND INTANGIBLE ASSETS	**(14,705)**	**(15,164)**

4.5 COST OF RISK

In € thousands	2016	2015
Provisions and write-downs	**(2,615)**	**(8,269)**
Loans and receivables	-	-
Other assets	(112)	(896)
Commitments made	(1,900)	(73)
Risks and expenses	(603)	(7,300)
Reversal of provisions and write-downs	**4,017**	**1,943**
Loans and receivables	-	-
Other assets	836	635
Commitments made	13	19
Risks and expenses	3,168	1,289
Net changes in provisions	**1,402**	**(6,326)**
Other net gains (losses)	(1,959)	(237)
TOTAL COST OF RISK	**(557)**	**(6,563)**

4.6 NET GAINS (LOSSES) ON OTHER ASSETS

In € thousands	2016	2015
Gains on disposals of property, plant and equipment and intangible assets	48	11
Losses on disposals of property, plant and equipment and intangible assets	(27)	(14)
Income from sales of securities from consolidated holdings	-	4,182
Net income from business combination operations	-	9,408
NET GAINS (LOSSES) ON OTHER ASSETS	**22**	**13,587**

4.7 TAXES

In € thousands	2016	2015
Current tax charge	(257,165)	(295,538)
Deferred tax income (charge)	(1,191)	9,511
TAX EXPENSE FOR THE PERIOD	**(258,356)**	**(286,027)**

Reconciliation of the theoretical tax rate with the effective tax rate for the 2015 and 2016 fiscal periods:

	2016		2015	
In€ thousands	Rate	Base	Rate	Base
Net income before taxes, goodwill impairments and share of income of associates		799,013		780,686
Theoretical tax rate and expense	**34.43%**	**(275,100)**	**38.00%**	**(296,661)**
Effect of permanent differences	(1.11%)	8,875	0.25%	(1,950)
Effect of different tax rates on foreign entities	(1.67%)	13,369	(1.82%)	14,227
Impact of losses for the year, utilisation of losses carried forward, and of temporary differences and other items	0.43%	(3,450)	0.48%	(3,754)
Effect of taxation at a lower rate	(0.12%)	921	(0.56%)	4,393
Effect of other items	0.37%	(2,971)	0.29%	(2,283)
Effective tax rates and expenses	**32.33%**	**(258,356)**	**36.64%**	**(286,027)**

4.8 CHANGES IN GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY

Net gains and losses recognised directly in equity for the 2016 fiscal year are detailed below:

Recyclable gains and losses *(In € thousands)*	2016	2015
Translation gains and losses	**6,426**	**17,808**
Revaluation adjustment for the period	6,426	17,808
Reclassified to profit and loss	-	-
Other reclassifications	-	-
Gains and losses on available-for-sale assets	**24,696**	**(42,272)**
Revaluation adjustment for the period	69,613	(1,507)
Reclassified to profit and loss	(44,929)	(40,790)
Other reclassifications	11	24
Gains and losses on hedging derivative instruments	**-**	**-**
Revaluation adjustment for the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications	-	-
Gains and losses on non-current assets held for sale	**-**	**-**
Revaluation adjustment for the period	-	-
Reclassified to profit and loss	-	-
Other reclassifications	-	-
Pre-tax gains and losses recognised directly in recyclable equity of equity-accounted entities	**(122)**	**5,380**
Taxes related to items that will be reclassified excluding equity-accounted entities	**4,097**	**11,468**
Taxes on gains and losses recognised directly in recyclable equity of equity-accounted entities	**-**	**-**
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND RECYCLABLE AT A LATER DATE	**35,097**	**(7,615)**

Non-recyclable gains and losses *(In € thousands)*	2016	2015
Actuarial gains and losses on post-employment benefits	(3,258)	(80)
Pre-tax gains and losses recognised directly in non-recyclable equity of equity-accounted entities	-	-
Taxes related to items that will not be reclassified excluding equity-accounted entities	1,066	(594)
Taxes related to items that will not be reclassified for equity-accounted entities	-	-
TOTAL GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY AND NOT RECYCLABLE AT A LATER DATE	**(2,193)**	**(674)**

TOTAL NET GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**32,904**	**(8,289)**
Of which Group share	32,845	(8,270)
Of which non-controlling interests	59	(20)

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

	2015				Changes				2016			
(In € thousands)	Gross	Tax	Net of tax	Net, of which Group share	Gross	Tax	Net of tax	Net, of which Group share	Gross	Tax	Net of tax	Net, of which Group share
RECYCLABLE GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY												
Translation gains and losses	10,471	-	10,471	10,471	6,426	-	6,426	6,426	16,897	-	16,897	16,897
Gains and losses on available-for-sale assets	57,006	(21,264)	35,742	35,742	24,696	4,097	28,793	28,793	81,702	(17,168)	64,535	64,535
Gains and losses on hedging derivative instruments	-	-	-	-	-	-	-	-	-	-	-	-
Gains and losses on non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
Net recyclable gains and losses recognised directly in equity excluding equity-accounted entities	**67,477**	**(21,264)**	**46,213**	**46,213**	**31,122**	**4,097**	**35,219**	**35,219**	**98,599**	**(17,168)**	**81,432**	**81,432**
Net recyclable gains and losses recognised directly in equity of equity-accounted entities	4,947	-	4,947	4,949	(122)	-	(122)	(122)	4,825	-	4,825	4,827
Recyclable gains and losses recognised directly in equity	**72,424**	**(21,264)**	**51,160**	**51,162**	**31,000**	**4,097**	**35,097**	**35,097**	**103,424**	**(17,168)**	**86,257**	**86,259**
NON-RECYCLABLE GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY												
Actuarial gains and losses on post-employment benefits	(14,450)	4,866	(9,584)	(9,498)	(3,258)	1,066	(2,193)	(2,252)	(17,708)	5,932	(11,777)	(11,750)
Gains and losses on non-current assets held for sale												
Non-recyclable gains and losses recognised directly in equity excluding equity-accounted entities	**(14,450)**	**4,866**	**(9,584)**	**(9,498)**	**(3,258)**	**1,066**	**(2,193)**	**(2,252)**	**(17,708)**	**5,932**	**(11,777)**	**(11,750)**
Non-recyclable gains and losses recognised directly in equity of equity-accounted entities	-	-	-	-	-	-	-	-	-	-	-	-
Non-recyclable gains and losses recognised directly in equity	**(14,450)**	**4,866**	**(9,584)**	**(9,498)**	**(3,258)**	**1,066**	**(2,193)**	**(2,252)**	**(17,708)**	**5,932**	**(11,777)**	**(11,750)**
GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY	**57,975**	**(16,399)**	**41,576**	**41,664**	**27,741**	**5,163**	**32,904**	**32,845**	**85,716**	**(11,236)**	**74,480**	**74,510**

NOTE 5 NOTES ON THE BALANCE SHEET

5.1 CASH AND CENTRAL BANKS

In € thousands	31/12/2016	31/12/2015
Cash	24	25
TOTAL CASH, CENTRAL BANKS	**24**	**25**

5.2 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

In € thousands	31/12/2016	31/12/2015
Financial assets held for trading	2,191,908	2,035,560
Financial assets designated at fair value through profit and loss	4,055,068	3,548,296
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH AND LOSS	**6,246,976**	**5,583,856**

5.2.1 Financial assets held for trading

In € thousands	31/12/2016	31/12/2015
Derivative trading instruments	2,191,908	2,035,560
of which, interest rate swaps	160,982	139,318
of which, stock and index swaps	2,018,706	1,887,692
TOTAL FINANCIAL ASSETS HELD FOR TRADING	**2,191,908**	**2,035,560**

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

5.2.2 Financial assets designated at fair value through profit

In € thousands	31/12/2016	31/12/2015
Funds	991,111	1,691,448
Bonds and other fixed-income securities	1,402,168	933,526
Shares and other variable-income securities	347,795	259,707
Loans and receivables due from credit institutions	1,313,994	663,615
Treasury bills and similar securities	-	-
TOTAL FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	**4,055,068**	**3,548,296**

This section includes the fair value of seed money, short-term cash investments and hedging assets for EMTN issues.

5.3 FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS

In € thousands	31/12/2016	31/12/2015
Financial liabilities held for trading	2,091,618	1,980,984
Financial liabilities designated at fair value through profit and loss	3,134,644	1,879,347
TOTAL FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT AND LOSS	**5,226,262**	**3,860,331**

5.3.1 Liabilities held for trading

In € thousands	31/12/2016	31/12/2015
Derivative trading instruments	2,091,618	1,980,984
of which, interest rate swaps	99,305	93,594
of which, stock and index swaps	1,975,215	1,874,314
TOTAL FINANCIAL LIABILITIES HELD FOR TRADING	**2,091,618**	**1,980,984**

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

5.3.2 Financial liabilities designated at fair value through profit

In € thousands	31/12/2016	31/12/2015
Debt securities	3,134,644	1,879,347
TOTAL FINANCIAL LIABILITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT AND LOSS	**3,134,644**	**1,879,347**

This section records the securities issued by EMTN issuance vehicles for customers. The nominal value of the issues was €3,008,225 thousand at 31 December 2016 and €1,820,496 thousand at 31 December 2015.

5.4 INFORMATION ON THE NETTING OF FINANCIAL ASSETS AND LIABILITIES

5.4.1 Netting – Financial assets

				Other amounts that can be netted under given conditions		
In € thousands	Gross amount of assets recognised before netting	Gross amount of liabilities actually netted out	Net amount of financial 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 all netting effects
Type of transaction	(a)	(b)	(c) = (a) - (b)	(d)		(e) = (c) - (d)
31/12/2016						
Derivatives	2,179,688	-	2,179,688	883,542	686,382	609,764
TOTAL FINANCIAL ASSETS SUBJECT TO NETTING	**2,179,688**	**-**	**2,179,688**	**883,542**	**686,382**	**609,764**
31/12/2015						
Derivatives	2,027,010	-	2,027,010	563,380	987,167	476,463
TOTAL FINANCIAL ASSETS SUBJECT TO NETTING	**2,027,010**	**-**	**2,027,010**	**563,380**	**987,167**	**476,463**

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

5.4.2 Netting – Financial liabilities

				Other amounts that can be netted under given conditions		
In € thousands	Gross amount of liabilities recognised before netting	Gross amount of recognised financial assets actually netted out	Net amount of financial liabilities shown in the condensed statements	Gross amount of financial assets covered by master netting agreement	Amount of other financial instruments given as collateral, including security deposits	Net amount after all netting effects
Type of transaction	(a)	(b)	(c) = (a) - (b)	(d)		(e) = (c) - (d)
31/12/2016						
Derivatives	2,074,520	-	2,074,520	883,542	835,847	355,131
TOTAL FINANCIAL LIABILITIES SUBJECT TO NETTING	**2,074,520**	**-**	**2,074,520**	**883,542**	**835,847**	**355,131**
31/12/2015						
Derivatives	1,967,908	-	1,967,908	563,380	1,042,171	362,357
TOTAL FINANCIAL LIABILITIES SUBJECT TO NETTING	**1,967,908**	**-**	**1,967,908**	**563,380**	**1,042,171**	**362,357**

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 AVAILABLE-FOR-SALE FINANCIAL ASSETS

In € thousands	31/12/2016	31/12/2015
Funds	1,560,274	1,205,596
Shares and other variable-income securities	11,619	21,606
Non-consolidated equity holdings	350,853	251,667
Available-for-sale securities	**1,922,746**	**1,478,869**
Available-for-sale receivables	-	-
Accrued interest	-	-
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**1,922,746**	**1,478,869**

5.5.1 Change in available-for-sale securities

In € thousands	
AVAILABLE-FOR-SALE SECURITIES AT 31/12/2015	**1,922,746**
Changes in scope	(1,966)
Increases	1,295,595
Decreases	(873,987)
Translation adjustments	611
Fair value in equity	24,696
Durable write-downs	(1,060)
Other movements	(13)
AVAILABLE-FOR-SALE SECURITIES AT 31/12/2015	**1,478,869**

5.5.2 Unrealised gains and losses on available-for-sale financial assets

	31/12/2016			31/12/2015		
In € thousands	Carrying amount	Unrealised gains	Unrealised losses	Carrying amount	Unrealised gains	Unrealised losses
Treasury bills and similar securities	-	-	-	-	-	-
Funds	1,560,274	60,166	(196)	1,205,596	62,752	(230)
Shares and other variable-income securities	11,619	758	(1,441)	21,606	705	(1,676)
Non-consolidated equity holdings	350,853	22,612	(197)	251,667	2,996	(7,541)
Available-for-sale receivables						
Available-for-sale financial assets	**1,922,746**	**83,536**	**(1,834)**	**1,478,869**	**66,453**	**(9,447)**
Taxes		(17,221)	53		(21,277)	13
GAINS AND LOSSES RECOGNISED DIRECTLY IN EQUITY ON AVAILABLE-FOR-SALE FINANCIAL ASSETS (NET OF INCOME TAX)		**66,316**	**(1,781)**		**45,176**	**(9,434)**

5.6 ASSETS - LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS

In € thousands	31/12/2016	31/12/2015
Current accounts and overnight loans	425,009	595,526
Accounts and term deposits	87,860	143,050
Accrued interest	147	140
TOTAL LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS (NET VALUE)	**513,016**	**738,716**

"Loans and receivables due from credit institutions" are primarily granted to the Crédit Agricole group.

5.7 LIABILITIES - DUE TO CREDIT INSTITUTIONS

In € thousands	31/12/2016	31/12/2015
Accounts and term deposits	93,926	435,078
Accrued interest	374	548
Current accounts	683	24,941
TOTAL DUE TO CREDIT INSTITUTIONS	**94,983**	**460,566**

The main counterparty of "Total due to credit institutions" is the Crédit Agricole group.

5.8 CURRENT AND DEFERRED TAX ASSETS AND LIABILITIES

In € thousands	31/12/2016	31/12/2015
Current tax receivables	27,583	24,542
Deferred tax assets	82,957	82,389
TOTAL CURRENT AND DEFERRED TAX ASSETS	**110,540**	**106,931**
Current tax debt	41,805	35,241
Deferred tax liabilities	45,291	44,211
TOTAL CURRENT AND DEFERRED TAX LIABILITIES	**87,096**	**79,452**

The share of deferred taxes related to tax loss carry forwards is €6,266 thousand and €6,243 thousand for 2016 and 2015, respectively.

At 31 December 2016 and 31 December 2015 deferred tax assets from unrecognised accumulated tax losses of the US subsidiaries were respectively €14,339 thousand and €7,847 thousand.

5.9 ACCRUALS, SUNDRY ASSETS & LIABILITIES

5.9.1 Accruals, prepayments and sundry assets

In € thousands	31/12/2016	31/12/2015
Miscellaneous debtors	1,131,122	1,228,676
Accrued income	495,992	500,725
Prepaid expenses	17,752	14,059
ASSETS – ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS	**1,644,866**	**1,743,460**

Accruals, prepayments and sundry assets include management and performance fees due and the collateral paid for derivatives contracts. The collateral is recorded in the assets balance in the amount of €949,446 thousand at 31 December 2016 and €1,074,352 thousand at 31 December 2015.

5.9.2 Accruals, deferred income and sundry liabilities

In € thousands	31/12/2016	31/12/2015
Miscellaneous creditors	291,460	277,735
Accrued expenses	669,271	649,427
Unearned income	5,920	8,699
Other accruals	825,547	1,100,801
LIABILITIES – ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES	**1,792,198**	**2,036,662**

Accruals, deferred income and sundry liabilities include bonus debt, retrocessions payable to distributors and collateral received for derivatives contracts. The collateral is recorded in the liabilities balance in the amount of €741,655 thousand at 31 December 2016 and €1,073,497 thousand at 31 December 2015.

5.10 JOINT VENTURES AND ASSOCIATES

In € thousands	31/12/2016	31/12/2015
Joint ventures	11,224	10,931
Associates	157,991	114,943
ASSETS – INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES	**169,215**	**125,873**

In € thousands	31/12/2016	31/12/2015
Joint ventures	4,672	4,378
Associates	23,819	20,835
INCOME STATEMENT - SHARE OF NET INCOME OF EQUITY-ACCOUNTED ENTITIES	**28,490**	**25,213**

5.10.1 Joint Ventures

Amundi has interests 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 the Joint-Venture was €11,224 thousand at 31 December 2016 and €10,931 thousand at 31 December 2015.

	31/12/2016			31/12/2015		
In € thousands	Equity-accounted value	Dividends paid to Group's entities	Share of net income	Equity-accounted value	Dividends paid to Group's entities	Share of net income
Fund Channel	11,224	4,378	4,672	10,931	2,720	4,378
NET CARRYING AMOUNT OF SHARES IN EQUITY-ACCOUNTED ENTITIES (JOINT VENTURE)	**11,224**		**4,672**	**10,931**		**4,378**

The summarised financial information of this Joint-Venture is presented below:

	31/12/2016			
In € thousands	NBI	Net income	Total assets	Equity
Fund Channel	23,577	12,118	128,397	26,931

5.10.2 Associates

The equity-accounted value of associates was €157,991 thousand at 31 December 2016 and €114,943 thousand at 31 December 2015.

Amundi has holdings in six associates (as compared to four at 31 December 2015). The holdings in the equity-accounted companies are presented in the table below:

		31/12/2016			31/12/2015		
In € thousands	Notes	Equity-accounted value	Dividends paid to Group's entities	Share of net income	Equity-accounted value	Dividends paid to Group's entities	Share of net income
NH-Amundi Asset Management		22,897	2,315	3,435	21,602	3,623	3,265
State Bank of India Fund Management (SBI FM)	(1)	70,042	2,926	8,621	63,826	3,018	8,657
ABC-CA		29,342	3,806	9,208	24,814	1,981	6,801
Wafa Gestion		4,862	2,126	2,230	4,700	1,589	2,112
Tobam Holding Company & Tobam	(2)	30,848	-	324	-	-	-
NET CARRYING AMOUNT OF INVESTMENTS IN EQUITY-ACCOUNTED ENTITIES (ASSOCIATES)		**157,991**		**23,819**	**114,943**		**20,835**

(1) Of which, goodwill for €30,078 thousand at 31 December 2016 and €29,900 thousand at 31 December 2015.
(2) Of which, goodwill for €28,590 thousand at 31 December 2016 (entities consolidated since 31 October 2016).

The summary financial information for Amundi's significant associates is presented below:

	31/12/2016			
In € thousands	NBI	Net income	Total assets	Equity
NH-Amundi Asset Management	23,656	11,451	77,183	76,324
State Bank of India Fund Management (SBI FM)	75,930	23,300	123,741	108,009
ABC-CA	2,320	27,625	111,342	88,026
Wafa Gestion	13,417	6,560	34,995	14,300
Tobam Holding Company & Tobam	23,623	8,783	32,128	8,496

5.11 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

5.11.1 Property, plant and equipment used in operations

In € thousands	01/01/2016	Change in scope	Increase	Decrease	Translation adjustments	Other movements	31/12/2016
Gross value	114,568	4,313	5,274	(13,701)	51	-	110,506
Depreciation, amortisation and provisions	(70,212)	(2,196)	(10,188)	13,271	(17)	-	(69,342)
PROPERTY, PLANT AND EQUIPMENT - NET	**44,356**	**2,117**	**(4,914)**	**(430)**	**35**	**-**	**41,164**

In € thousands	01/01/2015	Change in scope	Increase	Decrease	Translation adjustments	Other movements	31/12/2015
Gross value	114,689	17	6,075	(894)	1,335	(6,655)	114,568
Depreciation, amortisation and provisions	(59,249)	-	(10,895)	875	(943)	-	(70,212)
PROPERTY, PLANT AND EQUIPMENT - NET	**55,440**	**17**	**(4,820)**	**(19)**	**392**	**(6,655)**	**44,356**

5.11.2 Intangible assets from operations

In € thousands	01/01/2016	Change in scope	Increase	Decrease	Translation adjustments	Other movements	31/12/2016
Gross value	369,971	1,481	18,847	(11,669)	42	-	378,672
Depreciation, amortisation and provisions	(258,761)	(1,069)	(22,600)	11,666	(19)	-	(270,783)
INTANGIBLE ASSETS - NET	**111,210**	**412**	**(3,753)**	**(3)**	**23**	**-**	**107,888**

In € thousands	01/01/2015	Change in scope	Increase	Decrease	Translation adjustments	Other movements	31/12/2015
Gross value	344,455	26,625	11,078	(18,967)	126	6,655	369,971
Depreciation, amortisation and provisions	(247,982)	-	(29,609)	18,934	(103)	-	(258,761)
INTANGIBLE ASSETS - NET	**96,473**	**26,625**	**(18,531)**	**(33)**	**23**	**6,655**	**111,210**

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.

5.12 GOODWILL

Goodwill amounted to €3,161.5 million at 31 December 2016 compared to €2,998.5 million at 31 December, 2015. The change over the period was primarily the result of the acquisition of KBI Global Investors and Crédit Agricole Immobilier Investors, which resulted in the recognition of goodwill of €134,492 thousand and €25,457 thousand respectively. The accounting treatment of the combination with these two entities is described in Note 9.3.2.

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 €709.0 million;
- goodwill recognised in 2015 at the time of the acquisition of Amundi Austria for €78.4 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 2016 was carried out using results forecasts for the 2017-2019 period. The results forecasts were primarily based on the following assumptions about the economic environment:

- a return to growth in the euro zone, which remains fragile and quite varied: a gradual recovery in France. Long-term interest rates in Europe, despite fits of volatility, should remain low, even though they will rise gradually;
- continued growth in the United States in 2017;
- growth that is expected to improve very slightly in emerging countries, although varying by location: relative stability in China and India, and improvement in Brazil and Russia, which will pull out of recession.

Amundi used a perpetual growth rate of 2% for the tests at 31 December 2015 and 2016 and a discount rate of 8.39% for the test at 31 December 2016 (compared to 8.47% for the tests at 31 December 2015).

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.

5.13 PROVISIONS

In € thousands	01/01/2016	In € thousands	Reductions and increases not used	Increases used	Translation adjustments	Other movements	31/12/2016
Provisions for performance risks	73	1,900	(13)	(97)			1,863
Provisions for operational risks	2,543	-	(2,543)				-
Provisions for employee expenses	38,969	8,252	(2,221)	(1,724)	(2)	3,269	46,544
Provisions for disputes	10,701	1,420	(414)	(111)			11,596
Provisions for other risks	29,202	1,210	(1,624)	(15,080)	(57)	(899)	12,751
TOTAL	**81,488**	**12,782**	**(6,815)**	**(17,012)**	**(59)**	**2,370**	**72,754**

In € thousands	01/01/2015	In € thousands	Reductions and increases not used	Increases used	Translation adjustments	Other movements	31/12/2015
Provisions for performance risks	19	73	(19)				73
Provisions for operational risks	3,284	167	(908)				2,543
Provisions for employee expenses	33,886	7,604	(724)	(3,060)	63	1,200	38,969
Provisions for disputes	11,074	969	(1,342)				10,701
Provisions for other risks	28,015	5,957	(4,712)	(89)	31		29,202
TOTAL	**76,278**	**14,770**	**(7,705)**	**(3,149)**	**94**	**1,200**	**81,488**

As of 31 December 2016, disputes and other risks have a foreseeable expiration of less than two years.

Provisions for employee expenses consist primarily of provisions for retirement benefits. The column “Other changes” includes changes in actuarial gains and losses over the year. Details of the changes in provisions are shown in note 6.4.

5.14 EQUITY

5.14.1 Composition of the share capital

As of 31 December 2016, the allocation of share capital and voting rights was as follows:

Shareholders	Number of shares	% of equity	% of voting rights
Crédit Agricole SA	124,026,070	73.86%	73.88%
Other Crédit Agricole Group companies	2,975,163	1.77%	1.77%
Employees	413,753	0.25%	0.25%
Treasury shares	61,045	0.04%	-
Floating	40,449,438	24.09%	24.10%
TOTAL	**167,925,469**	**100.00%**	**100.00%**

During the 2016 year there was an issue of 680,232 shares as payment for the CA Immobilier Investors (CAII) shares contributed to Amundi by Crédit Agricole Immobilier (see note 9.3.2).

5.14.2 Dividends allocated in 2016

In 2016, in accordance with the deliberations of the Ordinary General Shareholders' Meeting of 12 May 2016, Amundi paid its shareholders a dividend of €2.05 per share, i.e. a total of €342.8 million for fiscal year 2015.

The dividend distribution by shareholder was as follows:

In € thousands	For FY 2015	For FY 2014
Crédit Agricole SA	254,253	191,462
Other Crédit Agricole Group companies	4,705	3,351
Employees	930	-
Floating	82,866	-
Société Générale	-	48,703
DIVIDENDS	**342,754**	**243,516**

5.14.3 Calculation of earnings per share

In € thousands	31/12/2016	31/12/2015
Net income Group share for the period *(in € thousands)*	568,265	518,630
Weighted average number of common shares outstanding during the period	167,366,374	166,810,578
BASIC EARNINGS PER SHARE *(IN EUROS)*	**3.40**	**3.11**

NOTE 6 EMPLOYEE BENEFITS AND OTHER COMPENSATION

6.1 WORKFORCE

	2016	2015
Workforce at close *(Full-Time Equivalent – FTE)*	Permanent contracts and other	Permanent contracts and other
France	2,102.4	2,097.9
Other European Union countries	529.2	468.8
Other European countries	9.0	8.0
North America	74.5	84.5
Central and South America	1.0	2.0
Africa and the Middle East	7.0	8.0
Asia and Oceania (excluding Japan)	159.0	167.0
Japan	186.1	193.6
TOTAL WORKFORCE	**3,068.2**	**3,029.8**

6.2 DETAIL ON EMPLOYEE EXPENSES

In € thousands	2016	2015
Salaries	(378,302)	(375,323)
Retirement fund contributions	(24,713)	(22,669)
Social charges and taxes	(125,323)	(126,509)
Reversals	(29,100)	(40,554)
TOTAL EMPLOYEE EXPENSES	**(557,439)**	**(565,055)**

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 €559 thousand at 31 December 2016 and €551 thousand at 31 December 2015 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 companies do not have any liabilities in this respect other than the contributions payable. Contributions for defined-contribution plans amounted to €23,456 thousand at 31 December 2015 and €24,968 thousand at 31 December 2016.

6.4 POST-EMPLOYMENT BENEFITS, DEFINED-BENEFIT PLANS

Change in actuarial liabilities

	31/12/2016			31/12/2015
In € thousands	Euro zone	Non-Euro zone	All zones	All zones
ACTUARIAL LIABILITY AT 31/12/N-1	**51,297**	**6,195**	**57,492**	**51,479**
Translation adjustment	-	384	384	525
Cost of services rendered during the period	3,280	1,043	4,323	4,072
Financial cost	920	33	953	875
Employee contributions	-	-	-	-
Benefit plan changes, withdrawals and settlement	22	-	22	-
Changes in scope	24	-	24	1,835
Benefits paid (mandatory)	(1,031)	(730)	(1,761)	(809)
Taxes, administrative expenses, and bonuses	-	-	-	-
Actuarial (gains)/losses arising from changes in demographic assumptions*	2,644	(261)	2,383	(221)
Actuarial (gains)/losses arising from changes in financial assumptions	1,297	264	1,561	(265)
ACTUARIAL LIABILITY AT 31/12/N	**58,453**	**6,929**	**65,382**	**57,492**

* *Of which actuarial gains/losses related to experiences adjustements.*

Expense recognised in the income statement

	31/12/2016			31/12/2015
In € thousands	Euro zone	Non- Euro zone	All zones	All zones
Service cost	3,302	1,043	4,345	4,072
Net interest expense (income)	536	4	540	473
IMPACT ON THE INCOME STATEMENT AT 31/12/N	**3,838**	**1,047**	**4,885**	**4,545**

Non-recyclable gains and losses recognised in other items of comprehensive income and change in accumulated actuarial gains and losses

	31/12/2016			31/12/2015
In € thousands	Euro zone	Non-Euro zone	All zones	All zones
Remeasurement of net assets (liabilities)				
TOTAL AMOUNT OF ACTUARIAL GAINS OR LOSSES RECOGNISED IN OTHER ITEMS OF COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED AT 31/12/N-1	**12,915**	**1,515**	**14,430**	**14,366**
Translation adjustment	-	91	91	146
Actuarial gains/(losses) on assets	(1,027)	253	(774)	(370)
Actuarial gains/(losses) arising from demographic assumptions*	2,644	(261)	2,383	(221)
Actuarial gains/(losses) arising from financial assumptions	1,297	264	1,561	508
Impact of asset restriction	-	-	-	-
Items recognised immediately in other items of comprehensive income during the year (actuarial gains and losses on post-employment benefits)	**2,914**	**346**	**3,260**	**64**
TOTAL AMOUNT OF ACTUARIAL GAINS OR LOSSES RECOGNISED IN OTHER ITEMS OF COMPREHENSIVE INCOME THAT WILL NOT BE RECLASSIFIED AT 31/12/N	**15,829**	**1,861**	**17,690**	**14,430**

* *Including actuarial gains/losses related to experience adjustments.*

Change in the fair value of assets

	31/12/2016			31/12/2015
In € thousands	Euro zone	Non-Euro zone	All zones	All zones
FAIR VALUE OF ASSETS AT 31/12/N-1	**22,244**	**5,432**	**27,676**	**26,274**
Translation adjustment	-	448	448	351
Interest on assets (income)	384	30	414	402
Actuarial gains/(losses)	1,027	(253)	774	370
Employer contributions	-	1,060	1,060	1,051
Employee contributions	-	-	-	-
Benefit plan changes, withdrawals and settlement	-	-	-	-
Changes in scope	-	-	-	-
Taxes, administrative expenses, and bonuses	-	-	-	-
Benefits paid out under the benefit plan	(887)	(730)	(1,617)	(771)
FAIR VALUE OF ASSETS AT 31/12/N	**22,768**	**5,988**	**28,756**	**27,676**

Net position

	31/12/2016			31/12/2015
In € thousands	Euro zone	Non-Euro zone	All zones	All zones
CLOSING ACTUARIAL LIABILITY	**58,453**	**6,929**	**65,382**	**57,492**
Impact of asset restriction	-	-	-	-
Fair value of assets at the end of the period	(22,768)	(5,988)	(28,756)	(27,676)
NET POSITION AT END OF PERIOD (LIABILITIES)	**35,685**	**941**	**36,626**	**29,816**

Defined-benefit plans: main actuarial assumptions

	31/12/2016	31/12/2015
Amundi Asset Management plan discount rate	1.37%	2.03%
Discount rate of other plans	1.37%	1.56%
Expected salary increase rates	2.00%	2.00%

Asset allocation at 31/12/2016

	Euro zone			Non-Euro zone			All zones		
In € thousands	as%	amount	o/w listed	as%	amount	o/w listed	as%	amount	o/w listed
Equity	7.00%	1,593	1,593	-	-	-	5.54%	1,593	1,593
Bonds	83.01%	18,900	18,900	-	-	-	65.73%	18,900	18,900
Real Estate	7.01%	1,595		-	-		5.55%	1,595	
Other assets	2.99%	680		100.00%	5,988		23.19%	6,668	
FAIR VALUE OF ASSETS	**100.00%**	**22,768**	**20,493**	**100.00%**	**5,988**	**-**	**100.00%**	**28,756**	**20,493**

At 31 December 2016, the data for France showed an actuarial liability of €56,054 thousand, a fair value of assets of €22,768 thousand and a net end-of-period position of €33,286 thousand.

Sensitivity to discount rates at 31 December 2016

- a 50 basis point increase in discount rates would reduce the commitment by 7.32%;
- a 50 basis point decrease in discount rates would increase the commitment by 7.58%.

6.5 SHARE-BASED PAYMENTS

Amundi performance share plans

An expense of €2,057 thousand for share-based payments was recognised in employee expenses for the period ended 31 December 2016 for the Amundi performance share plan for Group employees.

This grant plan is described below:

Performance share plans	Amundi
Date of the General Shareholders' Meeting authorising the plan	30/09/2015
Date of Board meeting	11/02/2016
Date of share award	11/02/2016
Number of shares awarded	228,080
Methods of payment	Amundi shares
Vesting period	11/02/2016-11/02/2019
Performance conditions(1)	Yes
Continued employment condition	Yes
Shares remaining at 31 December 2016	226,250
Fair value of one share at time of award	€27.28

(1) Performance conditions are based on net income Group share (NIGS), 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 only 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).

Crédit Agricole S.A. share subscription plan offered to Amundi employees

Since this plan has no vesting period, the expense recognised during the period is equal to the difference between the fair value of the shares acquired by the employees who subscribe to the plan (after applying a five-year lock-up period discount) and the purchase price the employees paid.

At 31 December 2016 the expense recognised in employee expenses for this plan was €1,388 thousand.

6.6 EXECUTIVE COMPENSATION

The compensation and benefits of the Chief Executive Officer and of the Division Heads for the 2016 and 2015 fiscal periods taken into account in Amundi's consolidated financial statements were €6,826 thousand and €6,677 thousand, respectively. They include gross fixed and variable compensation, benefits in kind, retirement benefits and the expense for the supplementary pension plan implemented for the key executives of the Group. The compensation breaks down as follows:

In € thousands	2016	2015
Gross compensation, employer contributions and benefits in kind	6,418	6,310
Post-employment benefits	408	367
Other long-term benefits	-	-
Severance payments	-	-
Cost of option and other plans	-	-
TOTAL	**6,826**	**6,677**

In addition, the Directors'fees paid in respect of 2015 and 2016 are presented in the table below:

In € thousands	2016	2015
Directors' fees	287	248

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 instruments;
- 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

Other financial assets

The non-consolidated equity securities of Resona Holding, government securities (listed on an organised market), listed bonds and fund units with a liquidation 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.

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 31/12/2016	Quoted prices in 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	**2,191,908**	**-**	**2,191,908**	**-**
Loans and receivables due from credit institutions	-	-	-	-
Securities bought 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	2,191,908	-	2,191,908	-
Financial assets designated at fair value through profit and loss	**4,055,068**	**2,393,279**	**1,661,789**	**-**
Assets backing unit-linked contracts	-	-	-	-
Securities designated at fair value through profit and loss	2,741,074	2,393,279	347,795	-
Treasury bills and similar securities	-	-	-	-
Funds	991,111	991,111	-	-
Bonds and other fixed-income securities	1,402,168	1,402,168	-	-
Shares and other variable-income securities	347,795	-	347,795	-
Loans and receivables due from credit institutions	1,313,994	-	1,313,994	-
Available-for-sale financial assets	**1,922,746**	**1,772,665**	**144,982**	**5,098**
Treasury bills and similar securities	-	-	-	-
Funds	1,560,274	1,553,214	1,962	5,098
Shares, other variable-income securities and non-consolidated equity investments	362,471	219,451	143,020	-
Available-for-sale receivables	-	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**8,169,721**	**4,165,944**	**3,998,679**	**5,098**

In € thousands	Total 31/12/2015	Quoted prices in 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	**2,035,560**	**-**	**2,035,560**	**-**
Loans and receivables due from credit institutions	-	-	-	-
Securities bought 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	2,035,560	-	2,035,560	-
Financial assets designated at fair value through profit and loss	**3,548,296**	**2,624,974**	**923,322**	**-**
Assets backing unit-linked contracts	-	-	-	-
Securities designated at fair value through profit and loss	2,884,681	2,624,974	259,707	-
Treasury bills and similar securities	-	-	-	-
Funds	1,691,448	1,691,448	-	-
Bonds and other fixed-income securities	933,526	933,526	-	-
Shares and other variable-income securities	259,707	-	259,707	-
Loans and receivables due from credit institutions	663,615	-	663,615	-
Available-for-sale financial assets	**1,478,869**	**1,403,169**	**71,735**	**3,964**
Treasury bills and similar securities	-	-	-	-
Funds	1,205,596	1,199,649	1,983	3,964
Shares, other variable-income securities, and non-consolidated equity investments	273,272	203,520	69,752	-
Available-for-sale receivables	-	-	-	-
TOTAL FINANCIAL ASSETS MEASURED AT FAIR VALUE	**7,062,724**	**4,028,143**	**3,030,617**	**3,964**

7.4 FINANCIAL LIABILITIES AT FAIR VALUE ON THE BALANCE SHEET

		Quoted prices in active markets for identical instruments	Valuation based on observable data	Valuation based on non-observable data
In € thousands	Total 31/12/2016	Level 1	Level 2	Level 3
Financial liabilities held for trading	**2,091,618**	**-**	**2,091,618**	**-**
Due to credit institutions	-	-	-	-
Derivative instruments	2,091,618	-	2,091,618	-
Financial liabilities designated at fair value through profit and loss	**3,134,644**	**-**	**3,134,644**	**-**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**5,226,262**	**-**	**5,226,262**	**-**

		Quoted prices in active markets for identical instruments	Valuation based on observable data	Valuation based on non-observable data
In € thousands	Total 31/12/2015	Level 1	Level 2	Level 3
Financial liabilities held for trading	**1,980,984**	**-**	**1,980,984**	**-**
Due to credit institutions	-	-	-	-
Derivative instruments	1,980,984	-	1,980,984	-
Financial liabilities designated at fair value through profit and loss	**1,879,347**	**-**	**1,879,347**	**-**
TOTAL FINANCIAL LIABILITIES MEASURED AT FAIR VALUE	**3,860,331**	**-**	**3,860,331**	**-**

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, the Amundi Group considers that the collateral paid and received is recognised at its fair value under “Accruals, prepayments and sundry assets” and “Accruals, deferred income and sundry liabilities”.

The 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 were 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.

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;
- 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.

	31/12/2016			
	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	885,341	885,341	-	885,341
Financial assets designated at fair value through profit and loss	462,307	462,307	-	462,307
Available-for-sale financial assets	1,554,475	1,554,475	-	1,554,475
Loans and receivables	-	-	-	-
Financial assets held to maturity	-	-	-	-
Assets recognised vis-à-vis non-consolidated structured entities	**2,902,123**	**2,902,123**	**-**	**2,902,123**
Equity instruments	-	n.a.	n.a.	-
Financial liabilities held-for-trading	1,220,431	n.a.	n.a.	1,220,431
Financial liabilities designated at fair value through profit and loss	-	n.a.	n.a.	-
Debt	-	n.a.	n.a.	-
Liabilities recognised vis-à-vis non-consolidated structured entities	**1,220,431**	**-**	**-**	**1,220,431**
Commitments given				
Financing commitments	n.a.	-	-	-
Guarantee commitments	n.a.	17,487,286	-	17,487,286
Other	n.a.	-	-	-
Provisions – Commitments made	n.a.	(8,157)	-	(8,157)
Off-balance sheet commitments net of provisions vis-à-vis non-consolidated structured entities	**17,479,129**	**17,479,129**	**-**	**17,479,129**
TOTAL NON-CONSOLIDATED STRUCTURED ENTITIES	**76,483,810**	**N.A.**	**N.A.**	**N.A.**

In € thousands	31/12/2015			
	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	604,320	604,320	-	604,320
Financial assets designated at fair value through profit and loss	1,163,448	1,163,448	-	1,163,448
Available-for-sale financial assets	1,227,103	1,227,103	-	1,227,103
Loans and receivables	-	-	-	-
Financial assets held to maturity	-	-	-	-
Assets recognised vis-à-vis non-consolidated structured entities	**2,994,871**	**2,994,871**	**-**	**2,994,871**
Equity instruments	-	n.a.	n.a.	-
Financial liabilities held for trading	1,265,244	n.a.	n.a.	1,265,244
Financial liabilities designated at fair value through profit and loss	-	n.a.	n.a.	-
Debt	-	n.a.	n.a.	-
Liabilities recognised vis-à-vis non-consolidated structured entities	**1,265,244**	**-**	**-**	**1,265,244**
Commitments given				
Financing commitments	n.a.	-	-	-
Guarantee commitments	n.a.	18,149,818	-	18,149,818
Other	n.a.	-	-	-
Provisions – Commitments made	n.a.	(6,367)	-	(6,367)
Off-balance sheet commitments net of provisions vis-à-vis non-consolidated structured entities	**18,143,451**	**18,143,451**	**-**	**18,143,451**
TOTAL NON-CONSOLIDATED STRUCTURED ENTITIES	**82,397,372**	**N.A.**	**N.A.**	**N.A.**

The information about the fund units held by Amundi and recorded in "Financial assets designated at fair value through profit and loss" and "Available-for-sale financial assets" does not include the consolidated funds or those in which the Group only holds a single share (founder's share).

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 €8,157 thousand at 31 December 2016 and €6,367 thousand at 31 December 2015.

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 INFORMATION BY OPERATING SEGMENT

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 (deposit-taking, outstandings) and periodic reports on income net of commissions by client segment (retail, institutional). The Group believes that all of this information constitutes more of a monitoring of commercial activity than a measurement of operating performance for making resource allocation decisions. 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 complementary information to that required by IFRS 8:

In € millions	2016	2015
Retail	981	958
Institutional	529	508
Institutional, *Corporate* and Employee saving plans	388	363
Insurers[(1)]	142	144
Net fees and commissions income sub-total	**1,510**	**1,466**
Performance fees	115	138
Net asset management revenue	**1,625**	**1,603**
Net financial income	**72**	**76**
Other net income	**(20)**	**(23)**
NET REVENUE	**1,677**	**1,657**

(1) Crédit Agricole group

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

In € millions	2016	2015
France	1,246	1,235
Foreign	432	422
NET REVENUE	**1,677**	**1,657**

The net revenue break-down 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. "Consolidation scope" The transactions carried out and the assets under management at the end of the period between the companies of the Group consolidated by full consolidation 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.

The Crédit Agricole group is a distributor of Amundi's financial products, a lender and borrower, derivative counterparty and also a depositary and calculation agent. In addition, the 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 Transactions with related parties

The following tables show the transactions conducted with the Crédit Agricole Group as well as 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.

	Crédit Agricole group	
In € thousands	**2016**	**2015**
NET INCOME		
Net interest and similar income	(1,784)	(4,363)
Net fee and commission income	(230,834)	(287,842)
Other net income	(9,726)	(7,703)
Operating expenses	(8,124)	(9,431)
BALANCE SHEET	**31/12/2016**	**31/12/2015**
Assets		
Loans and receivables due from credit institutions	266,092	495,794
Accruals, prepayments and sundry assets	56,161	39,094
Financial assets at fair value through profit and loss	2,790,693	1,654,350
Equity and liabilities		
Due to credit institutions	86,069	460,363
Accruals, deferred income and sundry liabilities	162,586	133,932
Financial liabilities at fair value through profit and loss	91,947	77,488
Off-balance sheet items		
Guarantees given	1,172,846	880,578
Guarantees received	-	-

	Associates and joint ventures	
In € thousands	**2016**	**2015**
NET INCOME		
Net interest and similar income		
Net fee and commission income	(5,325)	(7,831)
Operating expenses		
BALANCE SHEET	**31/12/2016**	**31/12/2015**
Assets		
Loans and receivables due from credit institutions	-	-
Accruals, prepayments and sundry assets	509	689
Financial assets at fair value through profit and loss	-	-
Equity and liabilities		
Due to credit institutions	-	-
Accruals, deferred income and sundry liabilities	858	3,355
Off-balance sheet items		
Guarantees given	-	-
Guarantees received	-	-

9.3 CONSOLIDATION SCOPE

9.3.1 Scope at 31 December 2016 and change over the period

Consolidated companies	Notes	Change in scope	Method	31/12/2016 % control	31/12/2016 % interest	31/12/2015 % control	31/12/2015 % 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 AI SAS		Exit	Full	-	-	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		Entry	Full	100.0	100.0	-	-	France
AMUNDI IT SERVICES			Full	95.4	95.4	83.1	83.1	France
AMUNDI PRIVATE EQUITY FUNDS			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
CLAM PHILADELPHIA	*(3)*	Exit	Full	-	-	100.0	100.0	France
CPR AM			Full	100.0	100.0	100.0	100.0	France
ÉTOILE GESTION			Full	100.0	100.0	100.0	100.0	France
LCL ÉMISSIONS			Full	100.0	100.0	100.0	100.0	France
SOCIÉTÉ GÉNÉRALE GESTION			Full	100.0	100.0	100.0	100.0	France
TOBAM HOLDING COMPANY		Entry	Equity-accounted	25.6	25.6	-	-	France
TOBAM		Entry	Equity-accounted	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
AMUNDI HK – GREEN PLANET FUND			Full	99.4	99.4	98.9	98.9	Hong Kong
AMUNDI PERFORMANCE ABSOLUE EQUILIBRE			Full	100.0	100.0	100.0	100.0	France
CEDAR		Entry	Full	100.0	100.0	-	-	France
CHORIAL ALLOCATION			Full	99.7	99.7	99.7	99.7	France
GENAVENT			Full	52.3	52.3	52.3	52.3	France
GENAVENT PARTNERS LP		Exit	Full	-	-	100.0	100.0	United States
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 ÉMISSIONS			Full	100.0	100.0	100.0	100.0	France
PEG – PORTFOLIO EONIA GARANTI			Full	96.4	96.4	95.1	95.1	France
RED CEDAR		Entry	Full	100.0	100.0	-	-	France

Consolidated companies	Notes	Change in scope	Method	31/12/2016 % control	31/12/2016 % interest	31/12/2015 % control	31/12/2015 % interest	Principal place of business
FOREIGN COMPANIES								
AMUNDI ASSET MANAGEMENT DEUTSCHLAND	(1)		Full	100.0	100.0	100.0	100.0	Germany
AMUNDI AUSTRIA			Full	100.0	100.0	100.0	100.0	Austria
AMUNDI ASSET MANAGEMENT BELGIUM	(1)		Full	100.0	100.0	100.0	100.0	Belgium
AMUNDI IBERIA SGIIC SA			Full	100.0	100.0	55.0	55.0	Spain
AMUNDI HELLAS			Full	100.0	100.0	100.0	100.0	Greece
KBI GLOBAL INVESTORS LTD	(4)	Entry	Full	87.5	100.0	-	-	Ireland
KBI FUND MANAGERS LTD		Entry	Full	87.5	100.0	-	-	Ireland
KBI GLOBAL INVESTORS (NORTH AMERICA) LTD		Entry	Full	87.5	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
AMUNDI GLOBAL SERVICING			Full	100.0	100.0	100.0	100.0	Luxembourg
AMUNDI LUXEMBOURG			Full	100.0	100.0	100.0	100.0	Luxembourg
FUND CHANNEL			Equity-accounted	50.0	50.0	50.0	50.0	Luxembourg
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
INVESTICNI KAPITALOVA SPOLECNOST KB, A.S.			Full	100.0	100.0	100.0	100.0	Czech Republic
AMUNDI AI SAS LONDON BRANCH	(2) (3)	Exit	Full	-	-	100.0	100.0	United Kingdom
AMUNDI ASSET MANAGEMENT LONDON BRANCH	(1)		Full	100.0	100.0	100.0	100.0	United Kingdom
AMUNDI LTD			Full	100.0	100.0	100.0	100.0	United Kingdom
AMUNDI SUISSE			Full	100.0	100.0	100.0	100.0	Switzerland
WAFA GESTION			Equity-accounted	34.0	34.0	34.0	34.0	Morocco
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
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
SBI FUNDS MANAGEMENT PRIVATE LIMITED			Equity-accounted	37.0	37.0	37.0	37.0	India
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 JAPAN SECURITIES	(3)	Exit	Full	-	-	100.0	100.0	Japan
AMUNDI MALAYSIA SDN BHD			Full	100.0	100.0	100.0	100.0	Malaysia
AMUNDI SINGAPORE LTD			Full	100.0	100.0	100.0	100.0	Singapore
AMUNDI DISTRIBUTORS USA LLC			Full	100.0	100.0	100.0	100.0	US
AMUNDI SMITH BREEDEN			Full	100.0	100.0	100.0	100.0	US
AMUNDI USA INC			Full	100.0	100.0	100.0	100.0	US

(1) Amundi Asset Management branches.
(2) Amundi Ai SAS branch.
(3) Mergers.
(4) Acquisition of 12.5% of equity in KBI Global Investors was made as a firm sale with deferred payment.

9.3.2 Significant changes in the scope during the year

Acquisition of KBI Global Investors

Amundi and Oddo & Cie finalised an agreement dated 31 August 2016. Under this agreement, Amundi acquired the shares of the Irish asset management company KBI at an acquisition price of €154.5 million.

The acquisition price was allocated as follows on the date control was taken:

In € thousands	31/08/2016
Net assets 100% acquired	19,996
Net assets to the holders of a non-controlling interest	-
Goodwill on the share acquired	134,492
ACQUISITION PRICE (FAIR VALUE OF COUNTERPARTY TRANSFERRED TO SELLER) [1]	**154,488**

(1) The acquisition price includes a valuation of the earn-out provisions carried under "Accruals, deferred income and sundry liabilities" in the amount of €23,038 thousand (note 5.9.2).

Acquisition of Crédit Agricole Immobilier Investors (CAII)

On 27 October 2016, Amundi and Agricultural Credit Immobilier finalised agreements leading to the acquisition of 100% of the equity in Crédit Agricole Immobilier Investors (CAII) for an acquisition price of €29.3 million.

In € thousands	27/10/2016
Net assets 100% acquired	3,793
Net assets to the holders of a non-controlling interest	-
Goodwill on the share acquired	25,457
ACQUISITION PRICE (FAIR VALUE OF COUNTERPARTY TRANSFERRED TO SELLER) [1]	**29,250**

(1) This transaction led to the issuance of Amundi shares as payment for the CAII shares contributed by Crédit Agricole Immobilier. Based on a valuation of CAII of €29,250 thousand and a valuation of Amundi at €43.00 per share (see note 5.14.1).

In accordance with IFRS 3, the Group made a temporary allocation of the acquisition cost of these various transaction as at the balance sheet date and, as a result, the amounts allocated to identifiable assets and liabilities acquired and to goodwill may be amended within one year of the combination.

In addition, the full consolidation of these two entities in the Amundi consolidated financial statements contributed to net income for the entire consolidation as follows:

In € thousands	KBI	CA Immobilier Investors
Contribution to "Net revenues" line	11,233	691
Contribution to "Net income" line	3,804	431

Acquiring significant influence in TOBAM

On 31 October 2016, in the framework of the strengthening of a strategic partnership, Amundi acquired an additional stake in Tobam Holding Company and Tobam (Tobam Holding Company exercising exclusive control of Tobam).

This additional equity interest resulted in consolidation by the equity method of the two entities mentioned.

The accounting effect of the first-time consolidation of the entire stake in TOBAM was the following:

In € thousands	31/10/2016
Acquired share of net assets	1,934
Goodwill on acquired share (contained in the equity-accounted value)	28,591
ACQUISITION PRICE (FAIR VALUE OF COUNTERPARTY TRANSFERRED TO SELLER)[1]	**30,525**

(1) It includes a valuation of the earn-out provisions carried under "Accruals, deferred income and sundry liabilities" in the amount of €13,011 thousand at 31 December 2016 (note 5.9.2).

9.4 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments include:

- fund guarantee commitments of €17,487 million at 31 December 2016 and €18,150 million at 31 December 2015;

In € thousands	31/12/2016	31/12/2015
Guarantee commitments given	17,487,286	18,149,818

- the financial commitments for the Revolving Credit Facility granted to Amundi for €1,750,000 thousand;
- 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	31/12/2016	31/12/2015
Interest rate instruments	2,160,968	2,029,951
Other instruments	40,037,867	41,853,997
NOTIONAL TOTAL	**42,198,835**	**43,883,948**

- non-cancellable operating lease commitments amounting to €155,155 thousand at 31 December 2016 (see note 9.5).

9.5 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	31/12/2016	<= 1 year	Between 1 and 5 years	> 5 years
Commitments given	159,865	34,993	119,853	5,020
Commitments received (sub-leases)	(4,710)	(870)	(3,174)	(666)
NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**155,155**	**34,123**	**116,679**	**4,353**

In € thousands	31/12/2015	<= 1 year	Between 1 and 5 years	> 5 years
Commitments given	183,896	33,980	119,415	30,501
Commitments received (sub-leases)	(2,529)	(655)	(1,223)	(651)
NON-CANCELLABLE OPERATING LEASE COMMITMENTS	**181,368**	**33,325**	**118,192**	**29,850**

9.6 SUBSEQUENT EVENTS

None.

9.7 FEES PAID TO THE STATUTORY AUDITORS

The allocation of fees by firm and type of assignment recognised in the 2015 and 2016 results is provided below:

	2016			2015		
In € thousands	PWC	E&Y	Total	PWC	E&Y	Total
Statutory audit, certification, audit of the individual and consolidated financial statements	1,152	1,228	2,380	1,023	1,257	2,280
Other procedures and services directly related to the Statutory Auditors'role[(1)]	295	212	507	901	929	1,830
Services other than certification of the accounts[(2)]	1,307	109	1,415	-	-	-
STATUTORY AUDITORS'FEES	**2,754**	**1,548**	**4,303**	**1,924**	**2,186**	**4,110**

(1) For 2016, services from January 1 through 16 June 2016.
(2) For 2016, services from 17 June 2016 forward.

6.4 STATUTORY AUDITORS'REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the Group's management report.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by the General Shareholders'Meetings, we hereby report to you for the year ended 31 December 2016, on:

- the audit of the Amundi consolidated financial statements, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

The consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform procedures to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements for the year ended 31 December 2016 give, in line with IFRS standards as adopted in the European Union, a true and fair picture of the assets and liabilities, of the financial position and of the results of the Company taking into account the people and entities included in the consolidation.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- as stated in notes 1.4.6 "Goodwill impairments" and 5.12. "Goodwill" of the notes to the financial statements, your Group carries out goodwill impairment tests. We examined the implementation procedures and the main parameters and assumptions used for the tests and ensured that the information provided in the notes to the financial statements was appropriate.
- your Group makes other accounting estimates as part of its consolidated financial statements preparation process, as shown in note 1.3 to the financial statements, in particular with respect to the valuation and impairments of securities available for sale, provisions for guarantees granted to structured funds, provisions for legal and regulatory risks and provisions for retirement commitments. Our work consisted in examining the methods and assumptions used and in checking that the resulting accounting estimates are based on documented methods compliant with the principles described in this note to the financial statements.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed, which is expressed in the first part of this report.

III. SPECIFIC VERIFICATION

In accordance with professional standards applicable in France, we also carried out the specific verifications required by law regarding the information provided about the Group in the management report.

We have no observations to make as to its fair presentation and consistency with the consolidated financial statements.

Neuilly-sur-Seine and Paris-La Défense, 20 February 2017

The Statutory Auditors

PricewaterhouseCoopers Audit
Emmanuel Benoist

ERNST & YOUNG et Autres
Olivier Drion

7.1 ANNUAL FINANCIAL STATEMENTS

Balance sheet at 31 December 2016

ASSETS

In € thousands	Notes	31/12/2016	31/12/2015
Interbank transactions and similar items		**371,415**	**311,401**
Cash, due from central banks			
Treasury bills and similar securities			
Loans and receivables due from credit institutions	3	371,415	311,401
Loans and receivables due from customers	**4**	**214,279**	**25,300**
Securities transactions		**2,139,922**	**2,576,155**
Bonds and other fixed-income securities	5		
Shares and other variable-income securities	5	2,139,922	2,576,155
Fixed assets		**2,716,179**	**2,520,989**
Equity investments and other long-term equity investments	6 -7	219,451	203,510
Investments in subsidiaries and affiliates	6 -7	2,496,692	2,317,432
Intangible assets	7		
Property, plant and equipment	7	36	47
Due from shareholders – unpaid capital			
Treasury shares	**8**	**3,035**	
Accruals, prepayments and sundry assets		**415,949**	**461,909**
Other assets	9	415,396	460,867
Accruals	9	552	1,042
TOTAL ASSETS		**5,860,779**	**5,895,755**

EQUITY AND LIABILITIES

In € thousands	Notes	31/12/2016	31/12/2015
Interbank transactions and similar items		**358,751**	**798,991**
Due to central banks			
Due to credit institutions	11	358,751	798,991
Due to customers	**12**	**1,422,000**	**994,906**
Debt securities	**13**		
Accruals, deferred income and sundry liabilities		**422,589**	**430,091**
Other liabilities	14	404,227	418,402
Accruals	14	18,362	11,689
Provisions and subordinated debt		**49**	
Provisions	15 -16 -17	49	
Subordinated debt	19		
Fund for general banking risks (FGBR)	**18**	**37,149**	**37,149**
Equity excluding FGBR	**20**	**3,620,241**	**3,634,618**
Share capital		419,814	418,113
Share premiums		1,152,225	1,124,675
Reserves		53,741	53,741
Revaluation gains/losses			
Regulated provisions and investment subsidies			
Retained earnings		1,695,335	1,576,910
Interim dividend			
Net income (loss) for the year		299,126	461,179
TOTAL EQUITY AND LIABILITIES		**5,860,779**	**5,895,755**

OFF-BALANCE SHEET

In € thousands	Notes	31/12/2016	31/12/2015
COMMITMENTS GIVEN			
Financing commitments	26		
Guarantee commitments	26	308,939	63,000
Commitments on securities	26		

In € thousands		31/12/2016	31/12/2015
Commitments received			
Financing commitments	26	1,750,000	1,750,000
Guarantee commitments	26		
Commitments on securities	26		

Income statement for the year ended December 31, 2016

(In € thousands)	Notes	31/12/2016	31/12/2015
Interest and similar income	28-29	10,910	40,768
Interest and similar expenses	28	(8,183)	(35,225)
Income from variable-income securities	29	270,438	454,470
Fees and commissions (income)	30	327	
Fees and commissions (expenses)	30	(116)	(314)
Net gains (losses) on trading book	31	1,273	
Net gains (losses) on short-term investment portfolios and similar	32	58,636	46,376
Other income from banking operations	33	9,815	8,670
Other expenses from banking operations	33	(10,052)	(9,071)
Net banking income		**333,048**	**505,675**
Operating expenses	34	(28,834)	(20,932)
Depreciation, amortisation and impairment of property, plant & equipment and intangible assets		(11)	(6)
Gross operating income		**304,204**	**484,737**
Cost of risk	35		
Results of operations		**304,204**	**484,737**
Net gains (losses) on fixed assets	36		
Pre-tax income on ordinary activities		**304,204**	**484,737**
Net extraordinary income			
Income tax charge	37	(5,078)	(23,558)
Net allocation to FGBR and regulated provisions			
NET INCOME		**299,126**	**461,179**

7.2. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

DETAILED SUMMARY OF THE NOTES

DETAILED SUMMARY OF THE NOTES

NOTE 1 LEGAL AND FINANCIAL BACKGROUND – SIGNIFICANT EVENTS IN 2016

1.1 LEGAL AND FINANCIAL BACKGROUND

Amundi is a French *société anonyme* (public limited company) with share capital of €419,813,672.50 (i.e. 167,925,469 shares with a par value of €2.50 each).

In accordance with Article 44 of the law of 16 July 1992 bringing legislation on insurance and credit in line with the Single European Market, Amundi is considered a credit institution and classified as a financial company. This law modifies Article 18 of banking law 84-46 of 24 January 1984 and abrogates Article 99.

Pursuant to the French Financial Activity Modernisation Act no. 96–597 of 2 July 1997, Amundi opted to be categorised as a financial company, i.e., a credit institution.

The *Comité des Établissements de Crédit et des Entreprises d'Investissement* (Credit Institutions and Investment Firms Committee) redefined Amundi's authorisation on 19 February 2002. Amundi, as a financial company, is accredited to issue capital and/or performance guarantees in the field of asset management, particularly for customers of the Crédit Agricole group or of any mutual fund it manages.

Ownership percentages in the Company are:

- 73.86% by Crédit Agricole S.A.;
- 24.33% by the public (including employees);
- 1.77% by the other Crédit Agricole Group companies;
- 0.04% in treasury shares.

1.2 SIGNIFICANT EVENTS IN 2016

- Amundi awarded Kepler Cheuvreux an automatically renewable one-year liquidity contract starting 3 February 2016 on its ordinary shares (Paris – ISIN code FR0004125920) in compliance with the Code of Conduct of the French Association of Financial Markets (AMAFI) as approved by the AMF on 21 March 2011.

  To carry out this agreement, the following assets were allocated to the liquidity account: €10 million.
- Acquisition of Crédit Agricole Immobilier Investors

  Amundi and Crédit Agricole Immobilier finalised their agreement to combine their real estate management activities by merging their dedicated management companies Amundi Immobilier and CA Immobilier Investors (CAII).

  Under this arrangement, Amundi acquired 100% of the equity in CA Immobilier Investors (CAII) in exchange for an issue of Amundi shares. The transaction was finalised on 27 October 2016.

  Amundi then proceeded with the merger of CA Immobilier Investors with Amundi Immobilier effective 31 October 2016.
- Agreement signed for the acquisition of Pioneer Investments

  On 12 December 2016, Amundi and UniCredit signed a binding agreement for Amundi to acquire the business activities of Pioneer Investments.

  At 31 December 2016 this transaction remained subject to the usual closing conditions, in particular the approval of the relevant regulatory authorities (regulators and antitrust). The transaction could be completed before the end of the second quarter of 2017.

1.3 EVENTS AFTER THE 2016 REPORTING PERIOD

No significant events took place after the reporting period, whether recorded or not.

NOTE 2 ACCOUNTING PRINCIPLES AND METHODS

The Amundi financial statements comply with the provisions of ANC (French accounting standards authority) regulation no. 2014-07 of 26 November 2014, which, for financial years starting from 1 January 2015, aggregates as one set of regulations, on the basis of established law, all accounting standards applicable to credit institutions.

ANC regulation No. 2014-07 had no impact on Amundi's results and net financial position.

2.1 LOANS AND RECEIVABLES DUE FROM CREDIT INSTITUTIONS AND CUSTOMERS – FINANCING COMMITMENTS

Amounts due from credit institutions and customers are allocated by initial term or type: demand deposits (current accounts and overnight loans) and term deposits for credit institutions, other customer outstandings.

Only payables and receivables meeting the following conditions were netted out on the balance sheet: Same counterparty, identical due dates and currencies, same accounting entity, and an assigned joint account.

Subordinated loans are included under the various categories of loans and receivables according to counterparty type (interbank, customers).

Accrued interest not yet due on receivables is recognised under accrued interest on the income statement.

Income and expenses for fees and commissions are recognised on the income statement according to the nature of the services they represent.

2.2 SECURITIES PORTFOLIO

Securities are classified among the following categories: trading securities, short-term investment securities, medium-term portfolio securities, long-term investment securities, other long-term equity investments, equity investments and investments in subsidiaries and affiliates.

Trading securities

These are securities originally acquired for the purpose of resale or sold with the intent of repurchasing them in the short-term.

Trading securities are recognised on the balance sheet at their acquisition price, excluding acquisition costs.

They are valued based on their market value on the reporting date.

The balance of unrealised gains and losses thus recorded, as well as the balance of the gains and losses on the disposal of securities, is recognised on the income statement, under "Net gains (losses) on trading book".

Short term investment securities

These securities are those that not considered trading securities, long-term investment securities, other long-term equity investments, equity investments or investments in subsidiaries and affiliates.

Shares and other variable-income securities

Equities are recorded in the balance sheet at their purchase price excluding acquisition costs or at their transfer value. They are valued at the lower of the purchase price or the market value at the reporting date. Accordingly, when the book value on one line is lower than the carrying amount, a charge for write-down of unrealised gains is recognised.

Potential capital gains are not recognised.

The cost of short-term investment securities sold is calculated according to the "first in, first out" method. Capital gains and losses are recognised under "Net gains (losses) on short-term investment portfolios and similar".

Investments in subsidiaries and affiliates, equity investments and other long-term equity investments

Investments in subsidiaries and affiliates are investments in companies that are under exclusive control and which are, or are liable to be, fully consolidated into a single group that can be consolidated.

Equity investments are investments (other than investments in subsidiaries and affiliates), of which the long-term ownership is judged beneficial to the reporting entity, in particular because it allows it to exercise influence or control over the issuer.

Other long-term equity investments consist of securities held with the intention of promoting long-term business relations by creating a special relationship with the issuer, but with no influence on the issuer's management due to the small percentage of voting rights held.

These securities are recognised at acquisition price, including transaction expenses.

At the reporting date, the value of these securities is measured individually, based on the value in use and they are recorded on the balance sheet at the lower of the historical cost or value in use.

Value in use may be estimated based on various factors such as the issuer's profitability and profitability outlook, its equity, the economic environment or even the average share price in the preceding months or the economic value of the security.

When value in use is lower than historical cost, write-downs are booked for these unrealised losses, without offsetting against any unrealised gains.

Market price

The market price at which the various categories of securities are measured is determined in the following manner:

- securities traded on an active market are measured at the most recent quote;
- if the market on which the security is traded is considered inactive or no longer active or if the security is not listed, Amundi determines the probable trading price of the security by using valuation techniques. In the first place, these techniques refer to recent transactions carried out under normal competitive conditions. Where appropriate, Amundi uses valuation techniques commonly used by market actors to value these securities when it has been demonstrated that these techniques produce reliable estimates of prices obtained in actual market trades.

Purchase of treasury shares

The treasury shares repurchased by Amundi under the liquidity agreement are recognised as assets on the balance sheet under a specific heading.

They are recorded in a trading book at their carrying amount.

2.3 FIXED ASSETS

Amundi applies ANC regulation 2014-03 of 5 June 2014 for the depreciation, amortisation and write-down of assets.

As a result, Amundi applies component accounting for all its property, plant and equipment. In accordance with this regulation, the depreciable base takes account of the potential residual value of property, plant and equipment.

In accordance with CRC regulation 2004-06, the acquisition price of fixed assets includes the purchase price plus any incidental expenses, namely expenses directly or indirectly incurred in connection with bringing the asset into service or "into inventory".

Buildings and equipment are stated at acquisition price less accumulated depreciation, amortisation and write-downs since the time they were placed into service.

Acquired software is measured at cost less accumulated depreciation, amortisation and write-downs booked since their acquisition date.

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

Intangible assets other than software, patents and licences are not amortised.

If applicable, they may be subject to write-down.

Fixed assets are depreciated over their estimated useful lives.

The following components and depreciation periods have been adopted by Amundi following the application of component accounting for fixed assets. These depreciation periods are adjusted according to the nature of the asset and its location:

Component	Depreciation period
Technical equipment and installations	5 years
IT equipment	3 years

2.4 DUE TO CREDIT INSTITUTIONS AND CUSTOMERS

Amounts due to credit institutions and customers are classified in the financial statements by their initial term or the nature of the liability:

- Demand or term liabilities with institutions;
- Other liabilities for customers (these include financial customers).

The interest accrued on these debts is recognised under related payables with a counterparty in the income statement.

2.5 PROVISIONS

Amundi applies ANC regulation No. 2014-03 of 5 June 2014 to recognise and assess provisions.

These provision include provisions relating to financing commitments, retirement and end-of-career liabilities, litigation and various risks.

All these risks are reviewed quarterly.

2.6 FUND FOR GENERAL BANKING RISKS (FGBR)

In accordance with the Fourth European Directive and CRBF regulation 90.02 of 23 February 1990 relating to capital, funds for general banking risks are constituted by Amundi, at the discretion of its management, to meet any expenses or risks relating to banking operations but whose incidence is not certain.

Provisions are released to cover any incidence of these risks during a given period.

At 31 December 2016 the balance in this account was €37,148,962.00.

2.7 FOREIGN CURRENCY TRANSACTIONS

Assets and liabilities in foreign currencies are converted using the reporting date exchange rate. The gains or losses resulting from these conversions, as well as the translation adjustments on the fiscal year's transactions, are recognised in the income statement.

The monetary assets and liabilities, as well as the forward currency contracts appearing as off-balance sheet commitments in foreign currencies are translated at the foreign exchange rate prevailing at the balance sheet date or the market price on the nearest preceding date.

2.8 OFF-BALANCE SHEET COMMITMENTS

Off-balance sheet commitments mainly reflect the unused portion of financing commitments and guarantee commitments given and received.

Reported off-balance sheet items do not include commitment or forward financial instruments or foreign exchange transactions.

2.9 EMPLOYEE PROFIT-SHARING AND INCENTIVE PLANS

Employee profit-sharing and incentive plans are recognised on the income statement in the year in which the employees'rights are earned, under "Employee expenses".

Some Group companies have formed "Social and Economic Units" (Amundi, Amundi AM, Amundi ITS, Amundi Finance, Amundi Tenue de Comptes, Amundi Immobilier, Amundi Intermédiation, Amundi Private Equity Funds, Etoile Gestion, BFT IM, Société Générale Gestion, CPR AM and Amundi Transition Energétique). Associated agreements on employee profit-sharing and incentive plans were signed.

The employees provided by Crédit Agricole S.A. are covered by agreements signed for that entity's SEU. The estimated expense to be paid for the profit-sharing and incentive plans allocated in this context is recognised.

2.10 POST-EMPLOYMENT BENEFITS

Pension plans – 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 year and during prior years.

Consequently, Amundi has no liabilities in this respect other than its contributions for the year ended.

The amount of the contributions made to these retirement plans is recognised under "employee expenses".

Commitments in terms of retirement plans, pre-retirement and end-of-career payments – Defined benefit plans

Amundi has applied ANC (French accounting standards authority) recommendation no. 2013-02 of 7 November 2013 regarding accounting and valuation rules for retirement plans and similar benefits since 1 January 2013. This recommendation was abrogated and incorporated into Section 4 of Chapter II of Title III of ANC regulation no. 2014–03 of 5 June 2014.

In accordance with this regulation, Amundi provisions its retirement plans and similar benefits falling under the category of defined-benefit plans.

Within the Amundi Group, Amundi AM has signed an insurance contract for an "end-of-career allowance" (IFC) with PREDICA, and management agreements were signed between Amundi and its SEU (Social and Economic Unit) subsidiaries. This outsourcing of the "end-of-career allowance" results in the transfer of a portion of the liability provision from the financial statements to the PREDICA contract.

The non-outsourced balance remains recorded under the provision for liabilities.

2.11 SHARE AND SHARE SUBSCRIPTIONS PLANS OFFERED TO EMPLOYEES AS PART OF THE COMPANY SAVINGS PLAN

Share award plan

A performance share plan granted to certain categories of employees was created following the decision of the Board of Directors on 11 February 2016.

These shares will be delivered at the end of a three-year vesting period either by the issue of new shares or by a share buyback.

This award scheme is described below:

Performance share plans	Amundi
Date of the General Shareholders' Meeting authorising the plan	30/09/2015
Date of Board meeting	11/02/2016
Date of share grant	11/02/2016
Number of shares granted	4,839
Methods of payment	Amundi shares
Vesting period	11/02/2016 -11/02/2019
Performance conditions(1)	Yes
Continued employment condition	Yes
Shares remaining at 31 December 2016	4,839
Fair value of one share at time of grant	27.28

(1) Performance conditions are based on net income Group share, amount of deposit-taking and the Group's cost-to-income ratio.

Subscription of shares offered to employees as part of the company savings plan

The subscription of shares offered to employees as part of the company savings plan, with a maximum discount of 20%, does not involve a vesting period; however, the shares are subject to a lock-up period of five years. These share subscriptions are recognised in accordance with the provision relating to capital increases.

2.12 EXTRAORDINARY INCOME AND EXPENSES

These consist of expenses and income that occur on an exceptional basis and that are associated with operations that do not pertain to Amundi's ordinary business activities.

2.13 INCOME TAX CHARGE

Generally, only the current tax liability is recorded in the separate statements.

The tax charge shown in the income statement is the corporate tax due for the fiscal year. It includes the effects of the employer social security contribution on earnings of 3.3%

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.

Amundi has had a tax consolidation mechanism since 2010. At 31 December 2016, 17 companies had signed tax consolidation agreements with Amundi. Under these agreements, each company that is part of the tax consolidation mechanism recognises in its financial statements the tax that it would have had to pay in the absence of the mechanism.

Following the 15 April 2010 signature of tax consolidation agreement, Amundi leads the tax consolidation group of the following companies:

- CPR Asset Management;
- Amundi Finance;
- Amundi Intermédiation;
- Société Générale Gestion;
- Amundi AM;
- Amundi Immobilier;
- Amundi Private Equity Funds;
- Amundi Tenue de Comptes;
- Amundi Finance Emissions;
- LCL Emissions;
- Amundi Issuance;
- Etoile Gestion;
- Amundi India Holding;
- Amundi Ventures;
- Valinter 19;
- Valinter 20;
- Eliditus.

Given that the legislative intent when introducing the tax credit for competitiveness and employment (*Crédit d'Impôts pour la Compétitivité et l'Emploi* – CICE) was to reduce employee expenses, Amundi chose to recognise the CICE (article 244 quater C of the French General Tax Code) as a reduction in employee expenses rather than a tax deduction.

NOTE 3 LOANS AND RECEIVABLES FROM CREDIT INSTITUTIONS – ANALYSIS BY REMAINING MATURITY

	31/12/2016							31/12/2015
(In € thousands)	< 3 months	>3 months <1 yr	> 1 year < 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Credit institutions								
Accounts and loans:								
■ demand	221,310				221,310		221,310	111,231
■ term		50,000			50,000	65	50,065	100,130
Pledged securities								
Securities received under repurchase agreements								
Subordinated loans				100,000	100,000	40	100,040	100,040
Total	**221,310**	**50,000**		**100,000**	**371,310**	**105**	**371,415**	**311,401**
Write-downs								
NET CARRYING AMOUNT	**221,310**	**50,000**		**100,000**	**371,310**	**105**	**371,415**	**311,401**

NOTE 4 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – ANALYSIS BY REMAINING MATURITY

4.1 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – ANALYSIS BY REMAINING MATURITY

	31/12/2016							31/12/2015
In € thousands	< 3 months	>3 months <1 yr	> 1 year < 5 years	> 5 years	Total principal	Accrued interest	Total	Total
Trade receivables								
Other customer loans	39,000	24,000		150,000	213,000	1,279	214,279	25,300
Securities bought under repurchase agreements								
Current accounts in debit								
Write-downs								
SETTLEMENT ACCOUNTS	**39,000**	**24,000**		**150,000**	**213,000**	**1,279**	**214,279**	**25,300**

4.2 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – GEOGRAPHIC ANALYSIS

In € thousands	31/12/2016	31/12/2015
France (including overseas departments and territories)	213,000	25,300
Other EU countries		
Other European countries		
North America		
Central and Latin America		
Africa and Middle East		
Asia and Oceania (excluding Japan)		
Japan		
International organisations		
Total principal	**213,000**	**25,300**
Accrued interest	1,279	
Write-downs		
NET CARRYING AMOUNT	**214,279**	**25,300**

4.3 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – DOUBTFUL LOANS AND WRITE-DOWNS GEOGRAPHIC ANALYSIS

	31/12/2016				
In € thousands	Gross outstandings	o/w doubtful loans	o/w non-performing loans	Write-downs of doubtful loans	Write-downs of non-performing loans
France (including overseas departments and territories)	213,000				
Other EU countries					
Other European countries					
North America					
Central and Latin America					
Africa and Middle East					
Asia and Oceania (excluding Japan)					
Japan					
International organisations					
Accrued interest	1,279				
CARRYING AMOUNT	**214,279**				

	31/12/2015				
In € thousands	Gross outstandings	o/w doubtful loans	o/w non-performing loans	Write-downs of doubtful loans	Write-downs of non-performing loans
France (including overseas departments and territories)	25,300				
Other EU countries					
Other European countries					
North America					
Central and Latin America					
Africa and Middle East					
Asia and Oceania (excluding Japan)					
Japan					
International organisations					
Accrued interest					
CARRYING AMOUNT	**25,300**				

4.4 LOANS AND RECEIVABLES DUE FROM CUSTOMERS – ANALYSIS BY CUSTOMER TYPE

	31/12/2016				
In € thousands	Gross outstandings	o/w doubtful loans	o/w non-performing loans	Write-downs of doubtful loans	Write-downs of non-performing loans
Individual customers					
Farmers					
Other small businesses					
Financial institutions	213,000				
Corporates					
Public authorities					
Other customers					
Accrued interest	1,279				
CARRYING AMOUNT	**214,279**				

	31/12/2015				
In € thousands	Gross outstandings	o/w doubtful loans	o/w non-performing loans	Write-downs of doubtful loans	Write-downs of non-performing loans
Individual customers					
Farmers					
Other small businesses					
Financial institutions	25,300				
Corporates					
Public authorities					
Other customers					
Accrued interest					
CARRYING AMOUNT	**25,300**				

NOTE 5 TRADING, SHORT-TERM INVESTMENT, LONG-TERM INVESTMENT AND MEDIUM-TERM PORTFOLIO SECURITIES

In € thousands	31/12/2016					31/12/2015
	Trading account securities	Short-term investments	Medium-term portfolio securities	Investment	Total	Total
Treasury bills and similar securities						
■ o/w residual net premium						
■ o/w residual net discount						
Accrued interest						
Write-downs						
Settlement accounts						
Bonds and other fixed-income securities						
Issued by a public entity						
Other issuers						
■ o/w residual net premium						
■ o/w residual net discount						
Accrued interest						
Write-downs						
Settlement accounts						
Shares and other variable-income securities		2,177,016			2,177,016	2,615,070
Accrued interest						
Write-downs		(37,094)			(37,094)	(38,915)
Settlement accounts		**2,139,922**			**2,139,922**	**2,576,155**
TOTAL		**2,139,922**			**2,139,922**	**2,576,155**
Estimated values		**2,187,719**			**2,187,719**	**2,656,722**

5.1 TRADING, SHORT-TERM INVESTMENT, LONG-TERM INVESTMENT AND MEDIUM-TERM PORTFOLIO SECURITIES (EXCLUDING TREASURY BILLS) – BREAKDOWN BY MAJOR CATEGORY OF COUNTERPARTY

In € thousands	Net exposures 31/12/2016	Net exposures 31/12/2015
Government and central banks (including States)		
Credit institutions		
Financial institutions	2,176,911	2,604,928
Local authorities		
Corporates, insurance companies and other customers	105	10,142
Other and non-allocated		
Total principal	**2,177,016**	**2,615,070**
Accrued interest		
Write-downs	(37,094)	(38,915)
NET CARRYING AMOUNT	**2,139,922**	**2,576,155**

5.2 BREAKDOWN OF LISTED AND UNLISTED SECURITIES BETWEEN FIXED- AND VARIABLE- INCOME SECURITIES

	31/12/2016				31/12/2015			
In € thousands	Bonds and other fixed-income securities	Treasury bills and similar securities	Shares and other variable-income securities	Total	Bonds and other fixed-income securities	Treasury bills and similar securities	Shares and other variable-income securities	Total
Listed securities								
Unlisted securities			2,177,016	2,177,016			2,615,070	2,615,070
Accrued interest								
Write-downs			(37,094)	(37,094)			(38,915)	(38,915)
NET CARRYING AMOUNT			**2,139,922**	**2,139,922**			**2,576,155**	**2,576,155**

5.3 TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES - ANALYSIS BY REMAINING MATURITY

None.

5.4 TREASURY BILLS, BONDS AND OTHER FIXED-INCOME SECURITIES – GEOGRAPHIC ANALYSIS

None.

NOTE 6 EQUITY INVESTMENTS AND SUBSIDIARIES

In € thousands		Financial information			Carrying amount of shares owned						
Company	Currency	Share capital	Shareholders' equity other than capital	Percentage of capital owned	Gross value	Net value	Unpaid loans and advances from the Company	Amount of deposits and sureties given by the Company	NBI or Rev excl. tax of last complete year	Net income (profit or loss for the latest fiscal year ended) [(a)]	Dividends received by the Company during the period
Equity investments with a book value higher than 1% of the Company's share capital											
1) Investments in banking subsidiaries and affiliates (over 50% of share capital)											
2) Investments in banking subsidiaries and affiliates (10% to 50% of share capital)											
AMUNDI FINANCE	EUR	40,320	326,430	23.87%	227,357	227,357	100,000		192,495	136,425	52,514
3) Investments in other subsidiaries and affiliates (over 50% of share capital)											
AMUNDI AM	EUR	747,264	363,047	100.00%	1,273,773	1,273,773	150,000		1,138,341	496,097	80,099
SOCIÉTÉ GÉNÉRALE GESTION	EUR	567,034	45,987	100.00%	582,437	582,437			223,641	44,798	51,549
ÉTOILE GESTION	EUR	29,000	2,990	100.00%	155,000	155,000			79,246	9,227	9,299
CPR ASSET MANAGEMENT	EUR	53,446	19,161	86.36%	99,563	99,563			130,323	34,552	37,909
BFT IM	EUR	1,600	30,024	99.99%	60,374	60,374			39,270	11,653	
AMUNDI IMMOBILIER	EUR	16,685	26,558	100.00%	63,989	63,989			127,788	35,468	27,284
AMUNDI PRIVATE EQUITY FUNDS	EUR	12,394	30,022	59.93%	33,998	33,998			31,808	7,639	3,917
4) Other equity investments (10% to 50% of share capital)											
Equity investments with a book value lower than 1% of share capital of Amundi											
	EUR				341	201					
TOTAL SUBSIDIARIES AND EQUITY INVESTMENTS					**2,496,832**	**2,496,692**					

(1) "Net income for the year ended" concerns income for the current financial year.

6.1 ESTIMATED VALUE OF EQUITY INVESTMENTS

	31/12/2016		31/12/2015	
In € thousands	Carrying amount	Estimated value	Carrying amount	Estimated value
Investments in subsidiaries and affiliates				
Unlisted securities	2,496,832	2,496,692	2,317,578	2,317,432
Listed securities				
Advances available for consolidation				
Accrued interest				
Write-downs	(141)		(146)	
Settlement accounts	**2,496,692**	**2,496,692**	**2,317,432**	**2,317,432**
Equity investments and other long-term equity investments				
Equity investments				
Unlisted securities				
Listed securities				
Advances available for consolidation				
Accrued interest				
Write-downs				
Sub-total of equity investments				
Other long-term equity investment				
Unlisted securities				
Listed securities	283,979	219,451	283,979	203,510
Advances available for consolidation				
Accrued interest				
Write-downs	(64,528)		(80,469)	
Sub-total other long-term equity investments	**219,451**	**219,451**	**203,510**	**203,510**
Settlement accounts	**219,451**	**219,451**	**203,510**	**203,510**
TOTAL EQUITY INVESTMENTS	**2,716,142**	**2,716,142**	**2,520,942**	**2,520,942**

	31/12/2016		31/12/2015	
In € thousands	Carrying amount	Estimated value	Carrying amount	Estimated value
Total gross value				
Unlisted securities	2,496,832	2,496,692	2,317,578	2,317,432
Listed securities	283,979	219,451	283,979	203,510
TOTAL	**2,780,811**	**2,716,142**	**2,601,557**	**2,520,942**

NOTE 7 CHANGES IN FIXED ASSETS

7.1 FINANCIAL ASSETS

In € thousands	01/01/2016	Increases (acquisitions)	Decreases (disposals and redemptions)	Reversals movements	31/12/2016
Investments in subsidiaries and affiliates					
Gross values	2,317,578	179,254			2,496,832
Advances available for consolidation					
Accrued interest					
Write-downs	(146)			5	(141)
Net carrying amount	**2,317,432**	**179,254**		**5**	**2,496,692**
Equity investments					
Gross values					
Advances available for consolidation					
Accrued interest					
Write-downs					
Other long-term equity investment					
Gross values	283,979				283,979
Advances available for consolidation					
Accrued interest					
Write-downs	(80,469)			15,941	(64,528)
Net carrying amount	**203,510**			**15,941**	**219,451**
TOTAL	**2,520,942**	**179,254**		**15,946**	**2,716,142**

7.2 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

In € thousands	01/01/2016	Increases (acquisitions)	Decreases (disposals and redemptions)	Other movements	31/12/2016
Property, plant and equipment					
Gross values	53				53
Amortisation and write-downs	(6)			(11)	(17)
Net carrying amount	**47**			**(11)**	**36**
Intangible assets					
Gross values	420				420
Amortisation and write-downs	(420)				(420)
Net carrying amount					
TOTAL	**47**			**(11)**	**36**

NOTE 8 TREASURY SHARES

(In € thousands)	31/12/2016 Trading securities	Short term investment securities	Fixed assets	Total	31/12/2015 Total
Number (in units)	61,045			61,045	
Carrying amounts	3,035			3,035	
Market value	3,035			3,035	

Share par value: €2.50

Treasury shares are held under a liquidity contract and recorded in the trading book.

NOTE 9 ACCRUALS, PREPAYMENTS AND SUNDRY ASSETS

In € thousands	31/12/2016	31/12/2015
Other assets		
Financial options bought		
Inventory accounts and miscellaneous		
Miscellaneous debtors (1) (2)	415,396	460,867
Collective management of account (LDD) securities Livret de développement durable (Sustainable development passbook)		
Settlement accounts Net carrying amount		
Accruals	**415,396**	**460,867**
Items in course of transmission from other banks		
Adjustment accounts		
Unrealised losses and deferred losses on financial instruments		
Accrued income on commitments on forward financial instruments		
Other accrued income	343	1,033
Prepaid expenses	209	9
Deferred charges		
Other accruals		
Net carrying amount	**552**	**1,042**
TOTAL	**415,949**	**461,909**

(1) Amounts include accrued interest.

(2) Including €84 thousand as contribution to the Resolution Fund paid in the form of a security deposit. This deposit is usable by the Resolution Fund at any time and without condition, to fund an intervention.

NOTE 10 WRITE-DOWNS DEDUCTED FROM ASSETS

In € thousands	Balance at 31/12/15	Write-downs	Reversals and utilisations	Accretion	Other movements	Balance at 31/12/16
On interbank transactions and similar items						
On loans and receivables due from customers						
On securities transactions	119,529	5,634	(23,668)		268	101,762
On fixed assets						
On other assets						
TOTAL	**119,529**	**5,634**	**(23,668)**		**268**	**101,762**

NOTE 11 AMOUNTS DUE TO CREDIT INSTITUTIONS – ANALYSIS BY REMAINING MATURITY

	31/12/2016							31/12/2015
In € thousands	≤3 months	>3 months ≤ 1 year	>3 months ≤5 yrs	>5 years	Total principal	Accrued interest	Total	Total
Credit institutions								
Accounts and borrowings:								
■ demand	295,006				295,006		295,006	386,202
■ term	292	63,397			63,689	55	63,744	412,788
Securities sold under repurchase								
Securities sold under repurchase agreements								
CARRYING AMOUNT	**295,298**	**63,397**			**358,695**	**55**	**358,751**	**798,991**

NOTE 12 DUE TO CUSTOMERS

12.1 DUE TO CUSTOMERS – ANALYSIS BY REMAINING MATURITY

	31/12/2016							31/12/2015
In € thousands	< 3 months	>3 months <1 year	>3 months <5 years	> 5 years	Total principal	Accrued interest	Total	Total
Current accounts in credit								
Special savings accounts:								
■ demand								
■ term								
Other amounts due to customers	1,422,000				1,422,000		1,422,000	994,906
■ demand	1,389,800				1,389,800		1,389,800	921,300
■ term	32,200				32,200		32,200	73,606
Securities sold under repurchase agreements								
CARRYING AMOUNT	**1,422,000**				**1,422,000**		**1,422,000**	**994,906**

12.2 DUE TO CUSTOMERS – GEOGRAPHIC ANALYSIS

In € thousands	31/12/2016	31/12/2015
France (including overseas departments and territories)	1,422,000	994,900
Other EU countries		
Other European countries		
North America		
Central and Latin America		
Africa and Middle East		
Asia and Oceania (excluding Japan)		
Japan		
Non-allocated and international organisations		
Total principal	**1,422,000**	**994,900**
Accrued interest		6
CARRYING AMOUNT	**1,422,000**	**994,906**

12.3 DUE TO CUSTOMERS – ANALYSIS BY CUSTOMER TYPE

In € thousands	31/12/2016	31/12/2015
Individual customers		
Farmers		
Other small businesses		
Financial institutions	1,422,000	994,900
Corporates		
Public authorities		
Other customers		
Total principal	**1,422,000**	**994,900**
Accrued interest		6
CARRYING AMOUNT	**1,422,000**	**994,906**

NOTE 13 DEBT SECURITIES

13.1 DEBT SECURITIES – ANALYSIS BY REMAINING MATURITY

None.

13.2 BONDS (BY CURRENCY OF ISSUANCE)

None.

NOTE 14 ACCRUALS, DEFERRED INCOME AND SUNDRY LIABILITIES

In € thousands	31/12/2016	31/12/2015
Other liabilities[1]		
Counterparty transactions (trading securities)		
Liabilities relating to stock lending transactions		
Optional instruments sold		
Settlement and negotiation accounts		
Miscellaneous creditors	404,227	418,402
Payments outstanding on securities		
Carrying amount	**404,227**	**418,402**
Accruals		
■ Items in course of transmission from other banks		
■ Adjustment accounts		
■ Unrealised gains and deferred gains on financial instruments		
■ Unearned income		
■ Accrued expenses on commitments on forward financial instruments		
■ Other accrued expenses	18,362	11,689
■ Other accruals		
Carrying amount	**18,362**	**11,689**
ON OTHER ASSETS	**422,589**	**430,091**

(1) The amounts include accrued interest.

NOTE 15 PROVISIONS

In € thousands	Balance at 01/01/2016	Increases	Reversals used	Decreases and reversals not used	Other movements	Balance at 31/12/2016
Provisions						
For pension commitments and similar						
For other employee commitments						
For financing commitment execution risks						
For tax disputes						
For other litigation						
For country risk						
For credit risk						
For restructuring						
For taxes						
For equity investments						
For operational risk						
Other provisions		49				49
CARRYING AMOUNT		**49**				**49**

NOTE 16 HOME PURCHASE SAVINGS CONTRACTS

None.

NOTE 17 LIABILITIES TO EMPLOYEES – POST-EMPLOYMENT BENEFITS, DEFINED-BENEFIT PLANS

Change in actuarial liability

In € thousands	31/12/2016	31/12/2015
ACTUARIAL LIABILITY AT 31/12/N-1	**464**	**515**
Cost of services rendered during the period	23	28
Effect of discounting		9
Employee contributions		
Benefit plan changes, withdrawals and settlement		
Changes in scope		
Early retirement allowances		
Benefits paid	(170)	
Actuarial (gains)/losses	1	(88)
ACTUARIAL LIABILITY AT 31/12/N	**318**	**464**

Breakdown of the net charge recognised in the income statement

In € thousands	31/12/2016	31/12/2015
Cost of services rendered during the period	23	28
Financial cost	5	9
Expected return of assets during the period		
Amortisation of past service cost	(13)	(20)
Other gains or losses		
NET CHARGE RECOGNISED IN THE INCOME STATEMENT	**15**	**17**

Change in fair value of plan assets

In € thousands	31/12/2016	31/12/2015
FAIR VALUE OF ASSETS/RIGHT TO REIMBURSEMENT AT 31/12/N-1	**972**	**947**
Expected return on assets	13	20
Actuarial gains (losses)	40	5
Employer contributions		
Employee contributions		
Benefit plan changes/ withdrawals/ settlement		
Changes in scope		
Early retirement allowances		
Benefits paid by the fund	(170)	
FAIR VALUE OF ASSETS/RIGHT TO REIMBURSEMENT AT 31/12/N	**855**	**972**

Net position

In € thousands	31/12/2016	31/12/2015
ACTUARIAL LIABILITY AT 31/12/N	**318**	**464**
Impact of asset restriction		
Fair value of assets at year-end	(855)	(972)
NET POSITION (LIABILITIES)/ASSETS AT 31/12/N	**537**	**508**

NOTE 18 FUND FOR GENERAL BANKING RISKS

In € thousands	31/12/2016	31/12/2015
Fund for General Banking Risks	37,149	37,149
CARRYING AMOUNT	**37,149**	**37,149**

NOTE 19 SUBORDINATED DEBT – ANALYSIS BY REMAINING MATURITY

None.

NOTE 20 CHANGE IN EQUITY (BEFORE APPROPRIATION)

In € thousands	Share capital	Premiums, reserves and retained earnings	Interim dividend	Regulated provisions & investment subsidies	Net income	Total shareholder equity
Balance at 31 December 2015	**418,113**	**2,755,326**			**461,179**	**3,634,618**
Dividends paid for 2015		(342,754)[(1)]				(342,754)
Changes in share capital	1,701					1,701
Change in share premium and reserves		27,549				27,549
Allocation of parent company net income		461,179			(461,179)	
Unappropriated retained earnings						
Net income for the 2016 fiscal year					299,126	299,126
Other changes						
BALANCE AT 31 DECEMBER 2016	**419,814**	**2,901,301**			**299,126**	**3,620,241**

(1) The amount of dividends paid in 2016 by Amundi after neutralization of treasury shares (€99 thousand).

NOTE 21 COMPOSITION OF CAPITAL

In € thousands	31/12/2016	31/12/2015
Equity	3,620,241	3,634,618
Fund for General Banking Risks	37,149	37,149
Subordinated debt and participating securities		
Mutual security deposits		
TOTAL CAPITAL	**3,657,390**	**3,671,767**

NOTE 22 TRANSACTIONS WITH SUBSIDIARIES AND AFFILIATES AND EQUITY INVESTMENTS

In € thousands	Balance at 31 December 2016	Balance at 31 December 2015
	Transactions with subsidiaries and affiliates and equity investments	Transactions with subsidiaries and affiliates and equity investments
Loans and receivables	**585,694**	**336,701**
Credit institutions and financial institutions	371,415	311,401
Due from customers	214,279	25,300
Bonds and other fixed-income securities		
Debt	**1,780,751**	**1,793,897**
Credit institutions and financial institutions	358,751	798,991
Due from customers	1,422,000	994,906
Debt securities and subordinated debt		
Commitments given	**18,933**	
Financing commitments to credit institutions		
Financing commitments to customers		
Guarantees given to credit institutions		
Guarantees given to customers	18,933	
Securities acquired with repurchase options		
Other commitments given		

NOTE 23 BREAKDOWN OF THE BALANCE SHEET BY CURRENCY

In € thousands	31/12/2016		31/12/2015	
	Assets	Equity and liabilities	Assets	Equity and liabilities
Euro	5,558,535	5,846,026	5,299,664	5,581,397
Other European Union currencies	303	292	310,381	313,347
Swiss franc				
Dollar	3,269	14,460	4,515	1,011
Yen	298,669		281,192	
Other currencies	3		3	
TOTAL	**5,860,779**	**5,860,779**	**5,895,755**	**5,895,755**

NOTE 24 FOREIGN EXCHANGE TRANSACTIONS, LOANS AND BORROWINGS

	31/12/2016		31/12/2015	
In € thousands	To be received	To be delivered	To be received	To be delivered
Spot foreign exchange transactions				
Currency				
Euros				
Forward foreign exchange transactions				
Currency				
Euros				
Lending and borrowing in foreign currencies			13,080	
TOTAL			13,080	

NOTE 25 FORWARD FINANCIAL INSTRUMENTS

None.

NOTE 26 COMMITMENTS GIVEN OR RECEIVED

In € thousands	31/12/2016	31/12/2015
COMMITMENTS GIVEN	**308,939**	**63,000**
Financing commitments		
Commitments to credit institutions		
Commitments to customers		
■ Confirmed credit lines		
■ Documentary credits		
■ Other confirmed credit lines		
■ Other commitments to customers		
Guarantee commitments	**308,939**	**63,000**
Commitments from credit institutions		
■ Confirmed documentary credit lines		
■ Other guarantees		
Customers	308,939	63,000
■ Real estate guarantees		
■ Financial guarantees		
■ Other customer guarantees	308,939	63,000
Commitments on securities		
■ Securities acquired with repurchase options		
■ Other commitments to be given		
COMMITMENTS RECEIVED	**1,750,000**	**1,750,000**
Financing commitments	**1,750,000**	**1,750,000**
Commitments from credit institutions(1)	1,750,000	1,750,000
Commitments from customers		
Guarantee commitments		
Commitments from credit institutions		
Commitments from customers		
Commitments on securities		
Securities sold with repurchase options		
Other commitments received		

(1) The finance cost of Amundi's €1,750,000 thousand revolving credit facility was €1,436 thousand at 31 December 2016.

NOTE 27 INFORMATION ON COUNTERPARTY RISK ON DERIVATIVE PRODUCTS

None.

NOTE 28 NET INTEREST AND SIMILAR INCOME

In € thousands	31/12/2016	31/12/2015
On transactions with credit institutions	9,426	14,266
On transactions with customers	1,279	20
On bonds and other fixed-income securities		
Net income on macro-hedging transactions		
Other interest and similar income	205	26,481
Interest and similar income	**10,910**	**40,768**
On transactions with credit institutions[1]	(5,541)	(13,039)
On transactions with customers	6	(21)
Net expenses on macro-hedging transactions		
On bonds and other fixed-income securities		
Other interest and similar expenses	(2,648)	(22,165)
Interest and similar expenses	**(8,183)**	**(35,225)**
TOTAL NET INTEREST AND SIMILAR INCOME	**2,727**	**5,543**

(1) Including €1,436 thousand in respect of the cost of financing of the "Revolving Credit Facility" granted to Amundi of €1,750,000 thousand.

NOTE 29 INCOME FROM SECURITIES

In € thousands	31/12/2016	31/12/2015
Short-term investment securities		
Sustainable development passbook account (LDD)		
Long-term investment securities		
Other securities transactions		
Income from fixed income securities		
Investments in subsidiaries and affiliates, equity investments and other long-term equity investments	268,594	451,959
Short-term investment securities and medium-term portfolio securities	1,844	2,512
Other securities transactions		
Income from variable-income securities	**270,438**	**454,470**
TOTAL INCOME FROM SECURITIES	**270,438**	**454,470**

NOTE 30 NET FEE AND COMMISSION INCOME

	31/12/2016			31/12/2015		
In € thousands	Proceeds	Expenses	Net	Proceeds	Expenses	Net
On transactions with credit institutions						
On transactions with customers						
On securities transactions		(116)	(116)		(314)	(314)
On forward financial instruments and other off-balance sheet transactions	327		327			
On financial services						
Provisions for fee and commission risks						
TOTAL NET FEE AND COMMISSION INCOME	**327**	**(116)**	**211**		**(314)**	**(314)**

NOTE 31 NET GAINS (LOSSES) ON TRADING BOOK

In € thousands	31/12/2016	31/12/2015
Net gains/(losses) on trading account securities	1,273	
Net gains/(losses) on currency and similar financial instrument transactions		
Net gains/(losses) on forward financial instruments		
NET GAINS (LOSSES) ON TRADING BOOK	**1,273**	

NOTE 32 NET GAINS (LOSSES) ON SHORT-TERM INVESTMENT PORTFOLIOS AND SIMILAR

In € thousands	31/12/2016	31/12/2015
Short-term investment securities		
Write-down losses	(5,634)	(29,925)
Reversals of write-downs losses	23,668	2,007
Net write-downs	18,035	(27,917)
Gains on disposals	48,307	77,701
Losses on disposals	(7,706)	(3,408)
Net gains (losses) on disposals	40,601	74,293
Net gains (losses) on short-term investment securities	**58,636**	**46,376**
Medium-term portfolio securities		
Short-term investment securities		
Reversals of write-downs		
Net write-downs		
Gains on disposals		
Losses on disposals		
Net gains (losses) on disposals		
Net gains (losses) on medium-term portfolio securities		
NET GAINS (LOSSES) ON SHORT-TERM INVESTMENT PORTFOLIOS AND SIMILAR	**58,636**	**46,376**

NOTE 33 OTHER BANKING INCOME AND EXPENSES

In € thousands	31/12/2016	31/12/2015
Sundry income	1	1
Share of Joint Ventures		
Charge-backs and expense reclassification	9,814	8,669
Provision reversals		
Other income from banking operations	**9,815**	**8,670**
Sundry expenses		(20)
Share of Joint Ventures		
Charge-backs and expense reclassification	(10,052)	(9,050)
Provisions		
Other expenses from banking operations	**(10,052)**	**(9,071)**
OTHER INCOME AND EXPENSES FROM BANKING OPERATIONS	**(237)**	**(401)**

NOTE 34 OPERATING EXPENSES

The year (in € thousands)	31/12/2016	31/12/2015
Employee expenses		
Salaries	(745)	(2,287)
Social security charges	(536)	(492)
Profit-sharing and incentive plans	(61)	(109)
Payroll-related tax	(232)	(270)
Total employee expenses	**(1,573)**	**(3,157)**
Charge-backs and reclassification of employee expenses	60	58
Net employee expenses	**(1,513)**	**(3,099)**
Administrative costs		
Taxes[1]	(2,999)	(3,643)
External services and other Administrative expenses	(25,723)	(14,648)
Total administrative expenses	**(28,722)**	**(18,292)**
Charge-backs and reclassification of administrative expenses	1,402	459
Net administrative costs	**(27,320)**	**(17,833)**
OPERATING EXPENSES	**(28,833)**	**(20,932)**

(1) Including €576 thousand for the Resolution Fund.

34.1 HEADCOUNT BY CATEGORY

(in average number of employees)	31/12/2016	31/12/2015
Executives	9	9
Non-executives	1	1
ON OTHER ASSETS	**10**	**10**
Of which:		
■ *France*	*10*	*10*
■ *Abroad*		
Of which seconded employees		

NOTE 35 COST OF RISK

None.

NOTE 36 GAINS (LOSSES) ON FIXED ASSETS

None.

NOTE 37 INCOME TAX CHARGE

Amundi heads the tax consolidation group established since the fiscal year ended 31 December 2010.

The Group had taxable income of €563,518,059 for the fiscal year ended 31 December 2016.

No tax loss carryforwards were identified at Group level for the fiscal year ended 31 December 2016.

The total income tax charge generated by the companies within the scope and recognised as income for the parent company stands at €195,898,958.

The tax owed to the Public Treasury by the Company heading the Group is €191,213,816.

Income taxes amounted to -€4,685 thousand.

This expense mainly breaks down into the following items:

- Amundi tax expense taken individually for €9,763 thousand (essentially linked to the tax on dividends);
- a net tax income for the tax consolidation for €5,078 thousand.

By agreement, the subsidiaries pay the income tax charge they would have incurred in the absence of a tax consolidation group.

NOTE 38 PRESENCE IN NON-COOPERATIVE STATES OR TERRITORIES

None.

NOTE 39 COMPENSATION OF MEMBERS OF THE MANAGEMENT BODIES

Amundi paid €1.4 million in compensation to members of the management bodies.

During the year no advances or loans were made to members of the administrative or management bodies, and no commitments were made on their behalf as any kind of guarantee.

Directors'fees and other compensation received by members of the board of directors are shown in Section 2.5.6 of the Registration Document, "Directors'Compensation".

NOTE 40 FEES PAID TO THE STATUTORY AUDITORS

The company is fully consolidation in the Amundi Group. Accordingly, information on the Statutory Auditors'fees is given in the notes to the consolidated financial statements of the Amundi Group.

7.3 STATUTORY AUDITORS' REPORT ON THE PARENT COMPANY FINANCIAL STATEMENTS

This is a free translation into English of the statutory auditors' report on the financial statements issued in French and it is provided solely for the convenience of English speaking users.

The statutory auditors' report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions, or disclosures.

This report also includes information relating to the specific verification of information given in the management report and in the documents addressed to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

For the year ended 31 December 2016

To the Shareholders,

In compliance with the assignment entrusted to us by the General Shareholders'Meetings, we hereby report to you for the year ended 31 December 2016, on:

- the audit of the Amundi annual financial statements, as appended to this report;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

I. OPINION ON THE ANNUAL FINANCIAL STATEMENTS

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform procedures to obtain reasonable assurance about whether the annual financial statements are free of material misstatement. An audit involves performing procedures, using sample techniques or other methods of selection to obtain audit evidence about the amounts and disclosures in the annual financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the annual financial statements give a true and fair view of the assets, liabilities and financial position of the company as of 31 December 2016 and the results of its operations for the year ended in accordance with French generally accepted accounting principles.

II. JUSTIFICATION OF OUR ASSESSMENTS

In accordance with the provisions of Article L. 823-9 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters

As part of its financial statements preparation process, your Company has made accounting estimates, particularly regarding the valuation of investments and other long-term securities, as well as equity investments in associates (Note 2.2). We have examined the assumptions used and verified that these accounting estimates are based on documented methods that comply with the principles set forth in note 2 "Accounting principles and methods" to the annual financial statements.

These assessments were made as part of our audit of the annual financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. SPECIFIC VERIFICATIONS AND INFORMATION

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the annual financial statements of the information provided in the management report of the Board of Directors and any in the documents addressed to the shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code (code de commerce) relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from companies controlling your company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

Neuilly-sur-Seine and Paris-La Défense, 20 February 2017

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Emmanuel Benoist	Olivier Drion

04

2016 Operating and financial review

4.1 PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

4.1.1 Changes in accounting principles and methods

Changes in accounting principles and methods are described in note 1.1 to the consolidated financial statements as of 31 December 2016.

4.1.2 Change in the consolidation scope

The change in the consolidation scope is described in note 9.3 to the consolidated financial statements as of 31 December 2016.

4.2 ECONOMIC AND FINANCIAL ENVIRONMENT

4.2.1 Financial market trends

OVERVIEW OF 2016

2016 was marked in particular by two unexpected political events: In June, the British vote in favour of withdrawing the United Kingdom from the European Union, followed, in November, by the election of Donald Trump to the presidency of United States. At the end of the year, visibility concerning the consequences of these two events remained very limited. However, the economic outlook itself did not hold any major surprises in developed countries: economic recoveries continued, although at a modest pace on both sides of the Atlantic. In the emerging countries, after serious doubts at the beginning of the year, the situation improved, assisted by the stabilisation of the situation in China and by the rebound in the price of oil. Bond yields, down during most of the year, later clearly grew in the fourth quarter. At the end of the year 2016, yields were up in United States, and down in the euro zone. American equities, and those of emerging countries, made significant gains, while those of the euro zone, after moving to negative territory until autumn, finally recorded slight gains due to an acceleration at the end of the year.

After a disappointing start to 2016, American economic growth later rebounded. Industry was affected in the first half year by delayed effects of the rise in the dollar from 2015, difficulties in emerging countries and the consequences of the weakness in the oil price on that sector. Nevertheless, the low price of fuel also buoyed household consumption, while the employment market remained dynamic. Starting from the third quarter, the brakes on industry eased, allowing clear improvement. In the autumn, the main event was the victory of Donald Trump in the US Presidential election, on a programme promising major tax reductions for households and companies, increases in certain expenditures and a review of trading relations with the rest of the world. At the end of 2016, the ability of the future President to implement the essential components of his programme remained however very uncertain, since Congress, which managed to retain its Republican majority, seemed far from accepting of measures likely to increase the public deficit. The Federal Reserve, having treaded water for most of the year, increased its main policy rate in December (one year after a first increase decided in December 2015). Its governors also raised their forecast for policy rates for 2017 (indicating a median forecast of three additional increases of 0.25% each).

The economic recovery continued in the euro zone in 2016, although still at a slower rhythm than during the previous cycles and with major differences between countries (a strong rebound in Spain, sustained growth in Germany but moderate growth in France and recurring weakness in Italy). Figures from the beginning of the year were surprisingly up, due in particular to household consumption sustained by the fall in the price of fuel. The weakness of the euro compared to the dollar also played a favourable role. A slight mid-year slowdown was observed but, in the fourth quarter new signs of acceleration appeared. Political uncertainty remained high, fuelled by the result of the British referendum and by the general rise of euro scepticism. Even the terms and conditions of "Brexit" remained extremely vague at the end of the year: the British government gave itself until the end of March 2017 to activate Article 50 of the Lisbon Treaty governing the procedures for Member State of the European Union to exit and gave little information on its objectives. At the end of October, Spain finally announced a government (after nearly a year of political crisis). However, at the beginning of December, a referendum of Italian voters rejected a constitutional reform aiming to promote more stable government. In view of the growth and still low inflation, and taking into consideration major risks, the European Central Bank maintained a very expansive policy. Thus, in March, it decreased its policy rates, and announced an extension of its programme for corporate bond purchasing starting in June. In December, it declared that it would reduce, starting in April 2017, the monthly volume of its purchasing programme (from €80 to €60 billion), but extended its duration until at least December 2017 (compared to March 2017 previously announced).

The beginning of 2016 was also marked by a rise in fears linked to the slowdown of the Chinese economy and to the consequences of the decrease in the price of oil on oil producing countries. In addition, Brazil was confronted with a major political crisis and South Africa seems to be heading that way too. The rating agencies, downgrading the sovereign debt of several countries, added to the client climate of defiance. However, via major monetary and budgetary measures and, bearing on investment and real estate, the Chinese authorities were able to avoid a brutal deceleration of their economy. Starting in the second quarter, the improvement of Chinese data and the rebound in the price of oil were reassuring factors. The impeachment of President D. Rousseff in Brazil and the retention of the Minister of Finances, P. Gordhan in South Africa, were also welcomed by the markets. In September, the decision of the US Federal Reserve not to change the Fed Funds rate led to an increase in capital flows to emerging countries and a slight appreciation in certain of their currencies. The signing of an agreement between the OPEC countries also helped support this trend towards improvement in the outlooks of oil exporting countries. In addition, the data from China remained favourable. However, at the end of the year, the election of Donald Trump opened a new chapter of uncertainty. The effect of the rise in American rates and the fear of protectionist measures in the United States combined to slow down capital inflows toward emerging markets and strongly penalised their currencies.

In spite of a difficult early part of the year and unexpected political developments, the equities markets turned green again in 2016. After -0.7% in 2015, the MSCI World AC Index rose by 6.8% in 2016, and by 9.7% taking dividends into account. On a regional basis, this growth was not uniform. At the head of the pack were the United States (+9.2% for the MSCI US in dollars) and the emerging markets (+8.6% in dollars and +7.1% in local currencies) ahead of Japan (+0.5% in dollars and -2.6% in yen) and Europe (-3.4% in dollars and +4.0% in local currencies). In Europe, there were large differences in performance from one country and one currency to another. Thus the British market saw a strong increase in local currency (+14.2%), whereas its performance in dollars was very different (-4.2%) due to the depreciation of the pound sterling. To facilitate comparisons, if we express all performances in dollars, the countries at the heart of the euro zone, such as France (+2.2%) and Germany (+0.4%) were ahead of those outside the euro zone (-5.4)% for the MSCI Europe ex EMU), and those on the periphery (MSCI Spain (3.3)%, MSCI Ireland (8.3)%, MSCI Italy (13.3)%). Concerning the chronology of the different phases, after an early start marked by the collapse in the price of oil and new fears concerning China due to the accelerated melting of foreign exchange reserves, the equities markets marked a low point in early February (-12.2)% for the MSCI World AC on 11 February). Reassured by the recovery in the price of oil and the prudence of the Federal Reserve, the indices then resumed their upward progress until the British referendum of 23 June 2016 (+13.6% from 11 February to 23 June and -0.3% since 1 January).

After several worrisome days, the uncertainties linked to Brexit rapidly calmed following the appointment of a new government, the regain in the flexibility of the central banks, reassuring signals from the American economy and corporate results, rather better than expected. Thus, in spite of an initial loss of -5.6% from 23 to 27 June, in the space of 15 days, from 23 June to 8 July, the MSCI World AC had regained all of the advance it had lost since the referendum. Then from 8 July to 7 November 2016, the day before the American election, it continued to gain a little more terrain (+2.6%), returning to green from 1 January (+1.7%).

Then, the election of Donald Trump gave new energy to the market (+5.0% from 7 November to 31 December). As the initial surprise lapsed, this reaction is quite logical. In view of the limits of monetary policy, new trends toward a slight increase in budgetary expenditure evoked the risk of a slowdown. The expected slight return of inflation and the ensuing possibly of an increase in interest rates precipitated a turn in favour of equities to the detriment of interest rate products. Finally, the numerous announcements concerning corporate taxation also encouraged the equities markets.

There were also two very distinct phases in the bond markets during the year 2016. During the first three quarters, yields clearly declined, particularly due to the repeated delay in the second interest rate increase by the Federal Reserve and the very accommodating monetary policies of the ECB and the BOJ. The fourth quarter however was marked by a sharp rise, first due to the return of inflation (driven by the basic effects of changes in the price of oil), then especially from the election of Donald Trump. Finally, the US ten-year rate increased from approximately 2.25% at the end of 2015 to 2.45% at the end of 2016. Elsewhere, its German counterpart dropped by approximately 0.65% to 0.20%. The French ten-year rate declined by approximately 1% to 0.70% and the Spanish ten-year by approximately 1.8% to approximately 1.4%, whereas the Italian ten-year, affected by political uncertainty, rose by 1.60% to 1.80%.

On the currency exchange market, one of the major events of the year 2016 was the strong depreciation of the pound sterling following the result of the June referendum. The pound sterling lost nearly 16% against the euro in 2016. Concerning the dollar, it appreciated significantly following the victory of Donald Trump, with the euro/dollar parity declining by 3% over the year. The Japanese yen first appreciated strongly against the dollar before depreciating sharply during the last few weeks of 2016, as the dollar/yen parity went from 120 to 116 over the year.

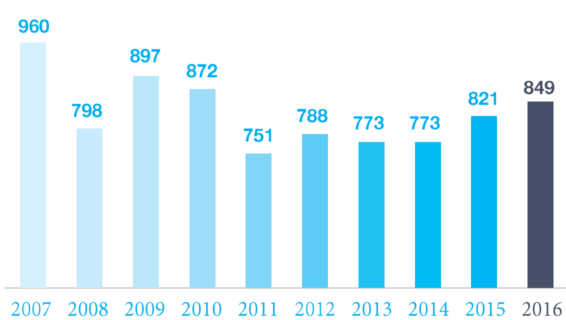
4.2.2 The asset management market

FRENCH MARKET[1]

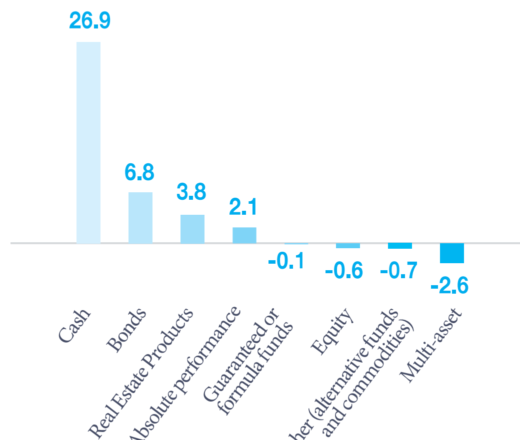
The French open-ended funds market ended 2016 at €849 billion in assets under management, up by 3.3% despite a negative market effect (-1%).

Net inflows reached +€35.5 billion and were concentrated for 76% on money market funds, essentially long-term Treasury. With +€6.8 billion, including more than one-third in ETFs, the interest in bond funds did not wane, in particular in the (very) short-term euro categories, inflation and buy & hold/at term, in contrast to convertibles (-€2.2 billion). Real estate had a new record year with +€3.8 billion in inflows from retail OPCI. Absolute performance benefited from positive inflows (+€2.1 billion) mainly short/long equity strategies and despite redemptions on flexible funds. Diversifieds erased part of the 2015 inflows with outflows of -€2.6 billion. Shares were down in the amount of - €0.6 billion, penalised in all geographical areas other than emerging markets (+€2 billion) and despite an additional +€2.9 billion in passive management. There were almost no inflows for guaranteed funds, as investors'appetite for security continued to move toward EMTN (€7.6 billion in gross inflows). Finally Socially Responsible Investment found its market with +€3.5 billion collected.

Change in open-ended fund assets in France[1]
In € billions



Change in inflows by asset class in France[1]
In € billions



EUROPEAN MARKET[2]

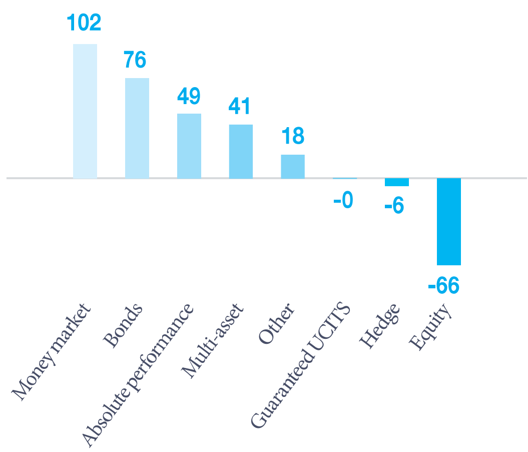
The European funds market reached €9,558 billion at the end of December 2016, up by 4.3% since the beginning of year due to an inflow effect (+€213 billion, i.e. 2.2%) and a market effect (+€198 billion, i.e. 2.1%) that were both positive.

The Brexit context and the extension of the ECB corporate bond debt purchasing policy favoured inflows on interest-rate products: +€102 billion on money market funds and +€76 billion on bond funds in 2016. The attraction of the latter resulted in balanced flows between active and passive management. Investors thus favoured loans, emerging and international bonds and, more recently, inflation due to anticipation of rising rates. Absolute performance funds and diversified funds (+€90 billion) were also sought, mainly multi-strategy funds (+€54 billion). Significant redemptions on equities (-€66 billion), notably in active management on developed markets (Europe and Japan), but partially attenuated by flows on passive management, emerging markets, themes and sectors. Also note +€18 billion in other types of funds, in particular commodities (+€8 billion).

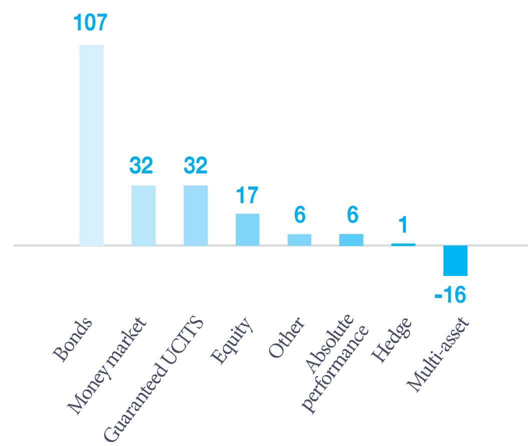
(1) Source SIX Financial Information NMO – December 2016, scope of open-ended funds domiciled in France.

(2) Source Broadridge Financial Solutions – December 2016, Scope of open-ended funds domiciled in Europe and so called cross border funds also sold on the European market.

Inflows by asset class in Europe(1)
In € billions



Inflows by asset class in Asia-Pacific(2)
In € billions



ASIA-PACIFIC MARKETS(2)

The dynamism of the Asian market did not disappoint in 2016: up by 5.8% with inflows of €185 billion, it reached €3,217 billion at the end of December 2016.

China alone represented 47% of inflows from the region; Chinese investors being particularly hungry for bond funds (+€86 billion euros) and guaranteed funds (+€29 billion) in 2016.

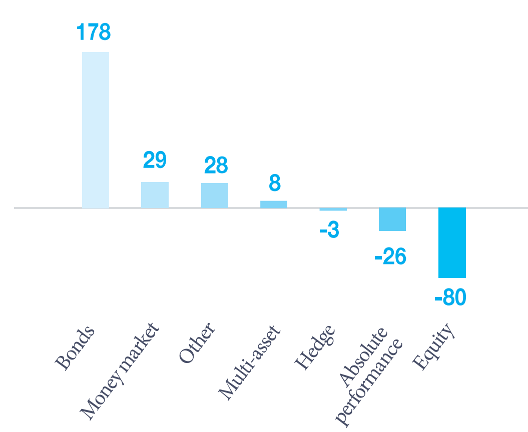
Elsewhere in Asia, Treasury products were very popular (Thailand, India) as well as bonds (India, Hong Kong, Singapore etc.). One exception: Japan, where equities benefited significantly from the ETF purchase program of the Bank of Japan (+€25 billion).

AMERICAN MARKET(3)

In the United States, with €17,932 billion at the end of December 2016, the open-ended funds market represented more than half of worldwide assets and saw growth of 0.7% over the year.

Inflows of €134 billion were largely driven by bonds (+€178 billion), retirement/lifecycle funds (+€56 billion) and money market funds in dollars (+€31 billion). Like Europe, and in spite of major flows in passive management (+247 billion), major buybacks of equities are occurring (-€80 billion).

Inflows by asset class in the United States(3)
In € billions



(1) *Source Broadridge Financial Solutions – December 2016, Scope of open-ended funds domiciled in Europe and so called cross border funds also sold on the European market.*

(2) *Source Broadridge Financial Solutions – December 2016, scope of open-ended funds domiciled in Asia and so-called cross border funds also sold on the Asian market.*

(3) *Source Broadridge Financial Solutions – December 2016, scope of open-ended funds domiciled in United States and so called cross border funds also sold on the US market.*

4.3 AMUNDI OPERATIONS AND CONSOLIDATED RESULTS

2016 again showed Amundi's ability to deliver profitable and regular growth, in an unfavourable and volatile context: the level of inflows was high, assets under management reached €1,083 billion at the end of 2016, net revenues showed strong resistance (+1.2%), costs were controlled and net income Group share grew noticeably (+7.7% (1)). **These results are in line with or even exceed the objectives announced at the time of the public offering.**

The Board of Directors resolved to propose a **cash dividend of €2.20 per share** to the General Shareholders' Meeting to be held on 18 May. This dividend corresponds to a distribution rate of 65% of the net income Group share (based on the number of shares at the end of 2016) and a yield of 4.2% based on the price of the share at closing on 2 February 2017.

4.3.1 Assets under management and net inflows(2)

In € billion	Total excluding *Joint Ventures*	Yearly change *(%)*	*Joint Ventures*	Yearly change *(%)*	Total incl. Joint Ventures	Yearly change *(%)*
Assets under management at 31 December 2015	**912.1**		**72.9**		**985.0**	
Net inflows	37.4		24.8		62.2	
Scope effect*	13.6		-		13.6	
Market effect	20.3		1.5		21.8	
ASSETS UNDER MANAGEMENT AT 31 DECEMBER 2016	**983.5**	**+7.8%**	**99.2**	**+36.1%**	**1,082.7**	**+9.9%**

* *Acquisitions of KBI GI (global equities) and the consolidation of CAI Investors (real estate management).*

Amundi's assets (€1,083 billion at the end of December 2016) increased by 9.9% compared with the end of 2015, driven by high net inflows of €62.2 billion, a favourable market effect (+€21.8 billion) and a positive scope effect (+€13.6 billion) linked to the consolidation of KBI GI (global equities); €8.6 billion of consolidated assets starting from 31 August 2016) and Crédit Agricole Immobilier's real estate management activities (CAI Investors; €5.0 billion consolidated starting on 27 October 2016).

In 2016, the level of inflows was maintained at a high level, due to a good contribution from all client segments: inflows are well divided between Retail (52% of the total) and Institutional (48% of the total). The international segment was particularly dynamic, representing 75% of overall inflows.

4.3.1.1 ASSETS UNDER MANAGEMENT AND INFLOWS BY CLIENT SEGMENT

	Assets under management		Change	Net inflows	
In € billion	2016	2015	2016/2015	2016	2015
Retail excluding Joint-Ventures	207	190	+8.9%	+9.9	+10.2
Joint-Ventures	99	73	+35.6%	+24.8	+31.3
Retail	**306**	**263**	**+16.3%**	**+34.7**	**+41.5**
Sovereign, Corporate, ESR and Other Institutional*	372	325	+14.5%	+29.6	+33.7
CA and SG Insurers	405	398	+1.2%	(2.1)	+4.6
Institutional	**777**	**722**	**+7.5%**	**+27.5**	**+38.3**
TOTAL EXCLUDING JV	**983**	**912**	**+7.8%**	**+37.4**	**+48.5**
TOTAL INCLUDING JV	**1,083**	**985**	**+9.9%**	**+62.2**	**+79.9**

* *Including funds of funds.*

(1) *Compared to an adjusted 2015: excluding initial public offering costs of €15 million before taxes for 2015.*

(2) *Unless otherwise mentioned, all data on assets under management and net inflows in this document include advised and marketed assets, and including 100% of the outstanding managed assets and the inflows of the Asian joint ventures; for Wafa in Morocco, the assets under management are shown for their proportional share.*

Retail segment AuM increased by 16.3% in 2016, to €306 billion compared with €263 billion at 31 December 2015. This increase is due to a sustained net inflow of €34.7 billion.

Assets on the Institutional segment grew by 7.5% between 2015 and 2016, from €722 billion to €777 billion. This increase is explained by inflows of +€27.5 billion in 2016.

Analysis of Retail assets under management and net inflows

	Assets under management		Change	Net inflows	
In € billion	**2016**	**2015**	**2016/2015**	**2016**	**2015**
French networks	100	102	(2.1)%	(2.6)	(3.6)
International networks	23	21	+6.0%	+0.6	+1.8
Joint-Ventures	99	73	+35.6%	+24.8	+31.3
Third-party distributors	84	66	+27.0%	+11.9	+12.0
RETAIL TOTAL	**306**	**263**	**+16.5%**	**+34.7**	**+41.5**
RETAIL TOTAL EXCLUDING JV	**207**	**190**	**+8.9%**	**+9.9**	**+10.2**

In 2016, **net inflows in the Retail segment (+34.7 billion), remained at a high level**, driven both by higher Joint-Venture activity internationally and strong sales at third-party distributors.

The **France networks** had total net negative inflows but positive (+€2.0 billion) for medium- and long-term assets: After net outflows at the beginning of the year, in a tumultuous market, a recovery took place quarter after quarter. There were strong inflows in terms of Unit-linked and real estate products.

International networks activity was slightly up (+€0.6 billion) with good dynamics in Italy in particular.

In **Joint-Ventures**, net inflows in 2016 continued their strong growth (+€24.8 billion i.e. 40% of Amundi's total inflows), essentially in medium- and long-term assets; it was particularly notable in China and India. Joint-Ventures thus represented 32.4% of Retail assets at end 2016 versus 27.8% at end 2015.

Concerning **Third-party distributors**, the strong sales dynamic was maintained with net inflows that reached +€11.9 billion, an amount almost identical to that of 2015. Inflows were particularly solid in Europe (+€11.2 billion).

Analysis of Institutional assets under management and net inflows

	Assets under management		Change	Net inflows	
In € billions	**2016**	**2015**	**2016/2015**	**2016**	**2015**
Sovereign and Other Institutionals(1)	270	238	+13.6%	+16.8	+23.1
Corporate	49	37	+32.4%	+11.8	+9.6
Employee Savings and Retirement	52	50	+3.4%	+1.0	+1.1
Total Institutional, excluding CA and SG Insurers	**372**	**325**	**+14.5%**	**+29.6**	**+33.7**
CA and SG Insurers	405	398	+1.8%	(2.1)	+4.6
TOTAL INSTITUTIONAL	**777**	**722**	**+7.5%**	**+27.5**	**+38.3**

(1) Including funds of funds.

In 2016, net inflows in the institutional segment remained very dynamic and stood at +€27.5 billion, in particular upheld by the Sovereign and other Institutional segments but also by the Corporate segment.

Inflows from the **Sovereign and Other Institutional** [1] segment were at +€16.8 billion. This inflow reflects a strong commercial dynamic, in particular on the Central Banks segment and the non-Group insurers. Geographically, non-France Europe and Japan had a good year.

On the **Corporate** segment, net inflows grew significantly to reach +€11.8 billion due to the success of Treasury products, mostly in France but also to growth in Europe (Germany and Belgium).

The **Employee Savings and Retirement** segment maintained a steady level of activity with net inflows of +€1.0 billion.

Outflow from **Group insurers** (-€2.1 billion) occurred in particular on money market products.

(1) Including funds of funds.

4.3.1.2 ASSETS UNDER MANAGEMENT AND NET INFLOWS BY ASSET CLASS

In € billion	Assets under management 2016	Assets under management 2015	Change 2016/2015	Net inflows 2016	Net inflows 2015
Bonds	544(1)	498	+9.3%	+22.7	+24.4
Multi-asset	126	117	+8.0%	+7.8	+11.7
Equity	151	125	+20.9%	+9.6	+6.0
Real, Alternative and Structured	76	65	+16.8%	+5.4	+2.5
TOTAL MLT ASSETS	**897**	**804**	**+11.5%**	**+45.5**	**+44.7**
Cash	186*	181	+2.9%	+16.8	+35.2
TOTAL (INCL. JV)	**1,083**	**985**	**+9.9%**	**+62.2**	**+79.9**

(1) The change in assets includes the reclassification of a fund (€14 billion in assets managed) from Treasury to Bonds in the first half of the year.

2016 net inflows were driven by all asset classes.

Medium to long-term (MLT) assets amounted to €897 billion, representing 83% of total AuM, an increase of +11.5% compared with 31 December 2015. Flows were steady throughout the year, with however an acceleration in the second half-year. This growth in assets resulted from strong inflows (+€45.5 billion) in all asset classes. Equity fund management in particular saw major inflows of +€9.6 billion in 2016, up significantly from 2015. Real, alternative and structured asset funds also had a good year with inflows that reached €5.4 billion, driven notably by the success of Amundi on real estate products in France.

Passive management (ETF, index funds and smart beta) was dynamic in 2016 (inflows of +€7.9 billion), due in particular to the success of ETFs (inflows of +€4.2 billion).

Treasury products saw significant inflows (+€16.8 billion with a good contribution from long-term Treasury), lower however than the 2015 record. This asset class represented 17.2% of total AuM at 31 December 2016, versus 18.4% the year before.

4.3.1.3 ASSETS UNDER MANAGEMENT AND NET INFLOWS BY GEOGRAPHIC AREAS

In € billions	Assets under management 2016	Assets under management 2015	Change 2016/2015	Net inflows 2016	Net inflows 2015
Europe excluding France	131	102	+28.7%	+17.6	+22.0
Asia	150	118	+27.2%	+27.2	+37.4
Rest of World	29	26	+11.6%	+1.5	+0.5
International Total	**310**	**246**	**+26.1%**	**+46.4**	**59.9**
% total assets under management (incl. JV)	29%	25%			
% total assets under management (incl. JV) excluding France CA and SG Insurers	46%	42%			
France	773	740	+4.5%	+15.9	+20.0
TOTAL (EXCLUDING JV)	**983**	**912**	**+7.8%**	**+37.4**	**+48.5**
TOTAL (INCL. JV)	**1,083**	**985**	**+9.9%**	**+62.2**	**+79.9**

In 2016, international inflows amounted to €46.4 billion representing 75% of inflows for the year (unchanged from 2015) and bringing the international AuM to €310 billion, i.e. 29% of the Group's total assets. International net inflows were evenly balanced among the different geographic areas:

- in Asia (inflow of +€27.2 billion), the Joint-Ventures experienced very dynamic sales (+€24.8 billion);
- in Europe excluding France (+€17.6 billion), inflows were well divided between the different countries in which Amundi is present, with in particular, strong results in Italy, Benelux and Germany over different distribution channels. Note the positive scope effect resulting from the consolidation of KBI GI (€8.6 billion in consolidated assets from 31 August 2016).

4.3.2 Consolidated income statement

In € millions	2016	2015	2015[1] adjusted	2016 vs.2015 adjusted
Net asset management revenues	1,625	1,603	1,603	+1.4%
Net financial income	72	76	76	(6.0)%
Other net income	(20)	(23)	(23)	(14.9)%
Net revenue	**1,677**	**1,657**	**1,657**	**+1.2%**
Operating expenses	(878)	(883)	(869)	+1.1%
Gross operating income	**800**	**774**	**788**	**+1.4%**
Cost of risk	(1)	(7)	(7)	ns
Share of net income of equity-accounted entities	28	25	25	+13.0%
Net gains (losses) on other assets	-	14	14	ns
Pre-tax income	**828**	**806**	**821**	**+0.8%**
Income tax charge	(258)	(286)	(292)	(11.4)%
Net income for the fiscal year	**569**	**520**	**529**	**+7.6%**
Non-controlling interests	(1)	(1)	(1)	ns
Net income, Group share	**568**	**519**	**528**	**+7.7%**
Cost-income ratio	*52.3%*	*53.3%*	*52.4%*	*(0.1) pt*
Per share data *(in €)*:				
Earnings per share *(in €)*	3.40	3.11	3.16	+7.3%
Dividend per share	2.20[2]	2.05	2.05	+7.3%

(1) 2015 adjusted: excluding initial public offering costs of €15 million before taxes for 2015.
(2) proposed to the General Shareholders' Meeting of 18 May 2017.

In 2016, net income Group share totalled €568 million, representing strong growth of 7.7% compared with 2015 [1], due in particular to the following changes:

- **net revenue** that held up well to grow by 1.2% to €1,677 million, in a difficult market environment in 2016;
- good control of **operating expenses** (+1.1% compared to 2015[1]), which evolved in line with net revenues. Consequently, the cost-to-income ratio was nearly stable (52.3%) and **gross operating income** grew by 1.5% compared with 2015[1];
- a notable reduction in the **tax rate**, linked to the reduction in the tax rate in France.

(1) 2015 adjusted: excluding initial public offering costs of €15 million before taxes for 2015.

4.3.3 Net revenue

In € millions	2016	2015	2016 vs.2015
Net asset management revenues	1,625	1,603	+1.4%
Net financial income	72	76	(6.0)%
Other net income	(20)	(23)	(14.9)%
NET REVENUE	**1,677**	**1,657**	**+1.2%**

Net revenues in 2016 reached €1,677 million, up 1.2% over 2015. This increase mainly stems from growth of 1.4% in **net asset management revenues**, which benefited from an increase in assets under management and a positive scope effect (+€11 million). This growth more than offset the decline in financial income.

4.3.3.1 NET ASSET MANAGEMENT REVENUES

In € millions	2016	2015	2016 vs.2015
Net fee and commission income	1,510	1,466	+3.1%
Performance fees	115	138	(16.7)%
NET ASSET MANAGEMENT REVENUES	**1,625**	**1,603**	**+1.4%**

Net asset management revenues showed strong resistance with growth of 1.4%, under the effect of an increase in **net fees and commissions** (+3.1%) linked to the increase in assets under management. **Performance fees** on the other hand were down by 16.7%, in a market context that was less favourable in 2016, in particular for medium- to long-term assets.

4.3.3.2 NET FEE AND COMMISSION INCOME AND MARGINS BY CLIENT SEGMENT

In € millions	2016	2015	2016 vs.2015
Retail			
Net fee and commission income	981	958	+2.4%
Average AuM excluding JV	191,299	194,031	(1.4)%
Margin	51.3 bp	49.4 bp	+1.9 bp
Institutional excluding CA and SG Insurers			
Net fee and commission income	388	363	+6.7%
Average AuM excluding JV	342,811	315,132	+8.8%
Margin	11.3 bp	11.5 bp	(0.2) bp
CA and SG Insurers			
Net fee and commission income	142	144	(1.8)%
Average AuM excluding JV	407,593	399,176	+2.1%
Margin	3.5 bp	3.6 bp	(0.1) bp
NET FEES AND COMMISSIONS TOTAL	**1,510**	**1,466**	**+3.1%**
Average AuM excluding JV	941,704	908,340	+3.7%
Margin on average assets excluding JV	16.0 bp	16.1 bp	(0.1) bp
Margin on average assets excluding JV, excluding CA and SG Insurers	25.6 bp	25.9 bp	(0.3) bp

In 2016 net fees and commissions were up (+3.1%), and the margins on average assets (excluding JV) resisted well, being almost stable (16.0 bp):

- net fees and commissions in the Retail segment (€981 million) were up (+2.4%) compared with 2015, due to an improvement in the asset mix (increase in assets of real estate products);
- net fees and commissions on Institutional excluding CA and SG Insurers (€388 million) increased noticeably, by +6.7% over 2015, compared with an increase in average assets of 8.8%; continuing the trend observed in 2015, Institutional margins continued to decline in 2016, but to a lesser extent;
- net fees and commissions on the CA and SG Insurers segment (€142 million) declined slightly (-1.84%) over 2015. The margin remained almost stable, and the product diversification (notably real estate) is bearing fruit.

4.3.3.3 PERFORMANCE FEES BY ASSET CLASS

In € millions	Performance fees 2016	Performance fees 2015	Change 2016/2015	AuM eligible for performance fees in € billions 2016	AuM eligible for performance fees in € billions 2015	Change 2016/2015
Fixed Income (including Treasury)	96	68	+41.2%	167	150	+12.0%
Other asset classes	19	70	(72.9)%	56	49	+13.9%
TOTAL	**115**	**138**	**(16.7)%**	**223**	**199**	**+12.4%**

Performance fees fell but are still at a high level, in a market context that is less favourable in 2016, and with more contrasted management performances. They represented 7.1% of net management revenues compared with 8.6% in 2015. Commissions on interest rate products increased. Eligible assets now represent €223 billion, or 20.6% of total AuM compared with 20.2% in 2015.

4.3.4 Operating expenses

In € millions	2016	2015	2015 adjusted(1)	Change 2016 vs.2015(1)
Employee expenses	(557)	(565)	(561)	(0.7)%
Other operating expenses	(320)	(318)	(308)	+3.9%
OPERATING EXPENSES	**(878)**	**(883)**	**(869)**	**+1.1%**

In 2016 Amundi maintained good control of **operating expenses** (+1.1% compared to 2015 (1)), which evolved in line with net revenues. Excluding costs related to acquisitions (KBI GI and Pioneer), these expenses were stable, reflecting the continuing optimisation efforts. Compared to an unadjusted 2015, operating expenses were down.

Employee expenses were down slightly, by -0.7%, despite the addition of employees from companies acquired in 2016, due to the reduction in employees (at constant scope) and control of variable compensation.

Operating expenses represented only 9.3 basis points on average AuM excluding JVs in 2016, compared to 9.7 basis points in 2015.

(1) 2015 adjusted: excluding initial public offering costs of €15 million before taxes for 2015.

4.3.5 Gross operating income and cost-income ratio

In € millions	2016	2015	2015 adjusted[1]	Change 2016 *vs.* 2015[1]
Net revenues (a)	1,677	1,657	1,657	+1.2%
Operating expenses (b)	(878)	(883)	(869)	+1.1%
GROSS OPERATING INCOME	**800**	**774**	**788**	**+1.4%**
Cost-income ratio (b)/(a) (%)	*52.3%*	*53.3%*	*52.4%*	*(0.1) pt*

Gross operating income grew by 1.4% over 2015 [1] to €800 million. This increase is in line with the growth in net revenues and resulted in the slight improvement in the cost-to-income ratio, which fell slightly from 52.4% in 2015[1] to 52.3% in 2016. Compared to an unadjusted 2015, this cost-to-income ratio was up by one point.

4.3.6 Other income statement items

The **cost of risk** (-€1 million) is significantly down (-€7 million in 2015) due to a favourable change in provisions for disputes.

The **share of net income of equity-accounted entities** totalled €28 million, up by 13% compared to 2015 due to the growth in joint-venture activity, in particular in China.

The **gains on other assets** were negligible in 2016. As a reminder, in 2015 these gains totalled €14 million.

After accounting for non-controlling interests and for the **tax charge** that amounted to €258 million in 2016 (due in particular to the drop in the tax rate in France) compared with €292 million in 2015[1], **net income Group share amounted to €568 million, a sharp rise of 7.7%** compared with 2015 adjusted for IPO costs.

Earnings per share (€3.40 per share) followed a similar trajectory to net income Group share (+7.3% compared with 2015 adjusted for IPO costs).

(1) 2015 adjusted: excluding initial public offering costs of €15 million before taxes for 2015.

4.4 AMUNDI CONSOLIDATED BALANCE SHEET

Assets

In € millions	31/12/2016	31/12/2015	Change 2016/2015
Cash, central banks	0	0	(4.4)%
Derivative instruments	2,192	2,036	+7.7%
Financial assets designated at fair value through profit and loss	4,055	3,548	+14.3%
Available-for-sale financial assets	1,923	1,479	+30.0%
Loans and receivables due from credit institutions	513	739	(30.6)%
Current and deferred tax assets	111	107	+3.4%
Accruals, prepayments and sundry assets	1,645	1,743	(5.7)%
Investments in equity-accounted entities	169	126	+34.4%
Property, plant and equipment	41	44	(7.2)%
Intangible assets	108	111	(3.0)%
Goodwill	3,162	2,999	+5.4%
TOTAL ASSETS	**13,918**	**12,932**	**+7.6%**

Equity and liabilities

In € millions	31/12/2016	31/12/2015	Change 2016/2015
Derivative instruments	2,092	1,981	+5.6%
Financial liabilities designated at fair value through profit and loss	3,135	1,879	+66.8%
Due to credit institutions	95	461	(79.4)%
Current and deferred tax liabilities	87	79	+9.6%
Accruals, deferred income and sundry liabilities	1,792	2,037	(12.0)%
Provisions	73	81	(10.7)%
Equity, Group share	6,644	6,407	+3.7%
Share capital and reserves	*1,570*	*1,543*	*+1.8%*
Consolidated reserves	*4,432*	*4,304*	*+3.0%*
Unrealised or deferred gains or losses	*75*	*42*	*+78.8%*
Net income, Group share	*568*	*519*	*+9.6%*
Non-controlling interests	0	7	(95.0)%
TOTAL EQUITY AND LIABILITIES	**13,918**	**12,932**	**+7.6%**

4.4.1 Main changes in the consolidated balance sheet

At 31 December 2016, the balance sheet total was €13.9 billion compared with €12.9 billion at 31 December 2015. This change is mainly explained by an increase in assets and liabilities designated at fair value through profit and loss, relating to the EMTN assets issued to Retail customers for €1.3 billion.

Asset-side derivative instruments represented €2,192 million at 31 December 2016 (vs. €2,036 million at 31 December 2015), up 7.7% on the year.

This amount mainly represents the following items:

- the positive fair value of performance swaps recognised on the Amundi Finance balance sheet. This subsidiary acts as the counterparty for structured funds and writes a hedging symmetrical contract with a market counterparty; as result, the performance swaps outstanding recorded as assets appear in equal amounts as liabilities on the Group balance sheet. Netted out, these transaction create no market risk;
- the positive fair value of interest rate and performance swaps entered into as part of structured EMTNs issued as loans and borrowings to and from credit institutions.

Liabilities-side derivative instruments represented €2,092 million at 31 December 2016 (vs. €1,981 million at 31 December 2015), also up +5.6% on the year.

These amounts represent the negative fair value of derivative instruments written as part of the structured funds or EMTN funds business and match the corresponding asset, as described above.

Financial assets designated at fair value through profit and loss showed balances of €4,055 million at 31 December 2016 versus €3,548 million at 31 December 2015, up 14.3%. They mostly comprised:

- assets backing EMTN issues (measured symmetrically at optional fair value through profit and loss), in the amount of €3,057 million at 31 December 2016 versus €1,843 million at 31 December 2016, significantly higher (+65.9% in 2016/2015) due to growth of business. These hedging assets are: Bonds issued by Crédit Agricole S.A. and OPCI units held by Amundi Finance Emissions and term deposits with LCL subscribed by LCL Emissions;
- investments in *seed money* (€355 million at 31 December 2016 versus €592 million at 31 December 2015);
- and short-term discretionary investments (€642 million at 31 December 2016 versus €1,114 million at 31 December 2015).

Financial liabilities designated at fair value through profit and loss in the amount of €3,135 million at 31 December 2016 versus €1,879 million at 31 December 2015, up 66.8%, represent the fair value of the structured EMTNs issued by the Group as part of broadening its line for Retail customers.

Available-for-sale financial assets came to €1,923 million at 31 December 2016, versus €1,479 million at 31 December 2015, a rise of 30%. This category mainly includes shares in non-consolidated associates and the portfolio of securities not classified as "at fair value through profit and loss".

The change in non-consolidated equity in associates (from €252 million at 31 December 2015 to €351 million at 31 December 2016) was due to the increase in Amundi's minority investment under partnerships entered into with management companies such as IM Square and the revaluation of certain equity investments in the Tikehau Group.

The short-term investment portfolio consists chiefly of discretionary investments in long assets (€1,525 million at 31 December 2016 versus €1,094 million at 31 December 2015, up 39.5%) as well as in seed money (€47 million at 31 December 2016 versus €134 million at 31 December 2015, down 65.1%).

In summary, the breakdown of the investment portfolio between seed money and discretionary investments by asset class over the last two years is as follows:

31/12/2016 *In € millions*	Asset class				
	Money market	**Bonds**	**Shares and diversified**	**Other**	**Total**
Seed money	1	125	199	77	402
Voluntary investments	472	1,271	224	201	2,168
TOTAL	**473**	**1,396**	**423**	**278**	**2,570**

31/12/2015 *In € millions*	Asset class				
	Money market	**Bonds**	**Shares and diversified**	**Other**	**Total**
Seed money	326	106	127	165	725
Voluntary investments	852	1,240	61	55	2,207
TOTAL	**1,178**	**1,346**	**188**	**220**	**2,932**

The seed money investments of money market funds in foreign currencies at 31 December 2015 were repaid in 2016, in light of the initial commercialisation of these money market funds. Investments in seed money excluding money market funds were stable compared to the end of 2015.

Loans and receivables from credit institutions were €513 million at 31 December 2016 versus €739 million at 31 December 2015, down (30.6)%, mostly reflecting the decrease in the amount of required reserves and short-term cash and the repayment of a portion of a medium-term loan to Crédit Agricole S.A. This item mainly includes transactions with Crédit Agricole Group. At 31 December 2016, they broke down into €463 million of short-term deposits and cash and €50 million of medium/long-term loans maturing in 2017.

Liabilities to credit institutions totalled €95 million at 31 December 2016 versus €461 million at 31 December 2015, down 79.4%. This major reduction is linked to the repayment of loans contracted with Crédit Agricole S.A. to finance money market seed money that was repaid in 2016 (see above). They are mainly due to Crédit Agricole Group. At 31 December 2016, these included short-term borrowings of €46 million and medium- and long-term borrowings of €49 million.

Accruals, prepayments and sundry assets were €1,645 million at 31 December 2016 versus €1,743 million at 31 December 2015, down 5.7%. This item includes collateral given in connection with Amundi's swaps brokerage business of €949 million (versus €1,074 million at 31 December 2015) and other accruals, prepayments and sundry assets of €695 million (versus €669 million at 31 December 2015), mainly in accrued management fees and performance fees.

Accruals, deferred income and sundry liabilities were €1,792 million at 31 December 2016 versus €2,037 million at 31 December 2015, down 12.0%. This item includes collateral received in connection with the brokerage business of €742 million (versus €1,074 million at 31 December 2015) and other accruals, deferred income and sundry liabilities of €1,050 million (versus €963 million at 31 December 2015), mainly in accrued commissions payable to distributors.

Goodwill totalled €3,162 million at 31 December 2016 versus €2,999 million at 31 December 2015, up 5.4%. The change for the period is due to the goodwill recognised upon the acquisition of KBI and Crédit Agricole Immobilier Investors and to the translation effects from goodwill denominated in foreign currencies.

Goodwill includes the following principal items:

- the goodwill recognised upon the transfer by Crédit Agricole Indosuez of its asset management business in December 2003, for €378 million;
- the goodwill allocated to the asset management business in 2004 upon Crédit Agricole S.A.'s acquisition of Crédit Lyonnais, for €1,733 million;
- the goodwill recognised upon the transfer of Société Générale's asset management business to Amundi in December 2009, for €709 million;
- goodwill related to the acquisition of KBI Global Investors in August 2016, for €134 million.

The Group's shareholders'equity including earnings for the period ended 31 December 2016, were €6,644 million versus €6,407 million at 31 December 2015, up 3.7%.

The net positive change of €238 million largely equals the net of the following items:

- Amundi dividends declared for 2015 in the amount of €343 million;
- the capital increase resulting from the acquisition of Crédit Agricole Immobilier Investors for €29 million;
- net income for the period of +€568 million;
- the change in "unrealised or deferred gains and losses" of +€33 million.

4.4.2 Off-balance sheet

The Group's material off-balance sheet commitments are:

- commitments related to derivative financial instruments, which are measured at their fair value in the balance sheet;
- in commitments given, guarantees granted to certain funds marketed by Amundi;
- in commitments received, the financing guarantee contracted with a banking syndicate.

The table below shows a breakdown of Amundi's commitments in respect of guarantees given:

In € millions	31/12/2016	31/12/2015
Formula funds	12,042	13,138
Constant proportion portfolio insurance (CPPI) funds	3,839	4,027
Other guaranteed funds	1,606	985
TOTAL OFF-BALANCE SHEET COMMITMENTS	**17,487**	**18,150**

Formula funds are intended to deliver a predefined return based on a specified formula.

CPPI funds are intended to provide exposure to the returns of risky assets while offering a guarantee defined at the outset.

The only commitment received was the financing guarantee received under the syndicated multi-currency revolving loan agreement for €1,750 million signed on 23 October 2015 with an international syndicate of lenders.

4.4.3 Economic statement of financial position

Amundi's total assets amounted to €13.9 billion at 31 December 2016. In order to analyse the Group's financial position from the economic point of view, Amundi presents below a condensed statement of financial position aggregating certain items to show the effects of netting. **This economic presentation balance sheet results in total assets of €7.7 billion after aggregation and netting:**

Economic assets *In € millions*	**31/12/2016**	**Economic equity and liabilities** *In € millions*	**31/12/2016**
Property, plant and equipment	41	Equity net of intangible assets and goodwill	3,375
Investments in equity-accounted entities	169		
Investment portfolio and non-consolidated equity investments	2,921		
- investments	*2,570*		
- non-consolidated equity holdings	*351*		
Net cash position and MLT loans	418		
Derivative brokerage activity (incl. cash collateral)	208	Provisions	73
Assets representing structured EMTNs	3,158	Structured EMTN issues	3,135
Accruals, prepayments and sundry assets	806	Accruals, deferred income and sundry liabilities	1,138
TOTAL ECONOMIC ASSETS	**7,720**	**TOTAL ECONOMIC EQUITY AND LIABILITIES**	**7,720**

Amundi benefits from a solid financial structure that may be analysed as follows:

Liabilities presented on an economic basis (figures at 31 December 2016):

- **shareholders'equity** of €6,644 million or €3,375 million after deducting goodwill (€3,161 million) and intangible assets (€108 million) recognised in assets; shareholders'equity rose between 2015 and 2016 through incorporation of undistributed earnings;
- **structured EMTNs** deemed as at fair value, hedged by a portfolio of assets with similar risk characteristics, in the amount of €3,135 million;
- other sundry liabilities of €1,138 million, comprising accrual adjustments and tax liabilities.

Assets presented on an economic basis (figures at 31 December 2016):

- a **portfolio of short-term investments** €2,570 million consisting, at 31 December 2016, of a portfolio of seed money (€402 million, or €401 million excluding money market funds) and a portfolio of voluntary investments (€2,168 million, or €1,696 million excluding money market funds), both invested mainly in funds managed by Amundi;
- **unconsolidated equity holdings** of €351 million;
- the **net cash and medium-to-long-term loans position** of €418 million;
- the **asset portfolio** at fair value of €3,158 million to **hedge the EMTNs issued**;
- the **net position related to brokerage of swaps**. In this activity, the fair value of derivative assets is matched by the fair value of derivative liabilities. However, only transactions with market counterparties are collateralised, thus generating a liquidity position that is dependent on the fair value of the underlying transactions. At 31 December 2016, this meant a net lending position of €208 million;
- **other sundry assets** of €806 million, comprising accrual adjustments and tax assets;
- **other non-current assets** of €210 million, mainly comprising €169 million of investments in associates and €41 million of property, plant & equipment.

In view of this solid financial position, on 15 December 2016 the rating agency Fitch renewed the A+ with stable outlook rating (after the announcement of the project to acquire Pioneer Investment).

4.5 NET FINANCIAL DEBT

Amundi's financial position at 31 December 2016 was, just like at 31 December 2015, a net lending position, as the following table shows:

In € millions	31/12/2016	31/12/2015
a. Net cash	416	596
b. Voluntary short-term investments *(excluding seed money)* in money market funds and short-term bank deposits	506	892
c. Voluntary short-term investments *(excluding seed money)* in fixed income funds	1,271	1,240
d. Liquidity (a+b+c)	**2,193**	**2,728**
e. Position net of margin calls on derivatives	**208**	**1**
Debited to balance sheet	*949*	*1,074*
Credited to balance sheet	*742*	*1,073*
f. Short-term liabilities to credit institutions	37	362
g. Current portion (<1 year) of medium and long-term debt to credit institutions	49	49
h. Current (<1 year) financial liabilities to credit institutions (f+g)	**86**	**411**
i. Long-term portion (>1 year) of medium and long-term debt to credit institutions	0	49
j. Non-current financial liabilities to credit institutions	**0**	**49**
K. NET FINANCIAL DEBT (H+J-D-E)	**(2,315)**	**(2,267)**

(a) Cash means asset balances of current accounts with credit institutions, as well as cash and central bank accounts.
(h) and (i) Liabilities to credit institutions carry no guarantees or surety.

In addition, on 23 October 2015, the Group signed a syndicated multi-currency revolving credit agreement of €1,750 million with an international syndicate of lenders, with an initial maturity of five years from the date of the agreement and renewed in October 2016 for a period of one year. The purpose of the agreement is to increase the Group's liquidity in all currencies in use and to secure access to that liquidity particularly if needed to face outflows in some mutual funds managed by the Group. It included two covenants, for which the requirements were met at 31 December 2016: a minimum level of tangible shareholders' equity and a gearing ratio, being the ratio of net debt to tangible shareholders' equity.

Note that at 31 December 2016, Amundi's LCR (Liquidity Coverage Ratio, for one month of cash needs under a stress situation) was 159%.

The aim of the LCR is to strengthen the short-term resilience of banks' liquidity risk profiles by ensuring they have enough unencumbered high-quality liquid assets (HQLA) that can be easily and immediately converted into cash on private markets in the event of a hypothetical 30-calendar day liquidity squeeze. Credit institutions have had to comply with set levels for this ratio as from 1 October 2015 and the minimum threshold was changed to 70% on 1 January 2016.

Amundi manages its LCR, which includes the 20 biggest Amundi entities, according to a target of over 100%.

4.6 FREE CAPITAL

Amundi's capital significantly exceeds regulatory requirements governing credit institutions as presented in the section 5.5 of this Registration Document, "Solvency and capital adequacy". In addition, Amundi has adopted a prudent policy regarding the financing of its equity investments and seed money, which it funds primarily from its own capital.

Amundi measures the Group's surplus capital using an indicator that it calls "free capital". Free capital equals net tangible equity less (i) the adjusted regulatory capital requirement, (ii) the carrying amount of equity investments and (iii) the run-rate amount of non-money-market seed money:

- ***net tangible equity*[1]*:*** equity Group share after deduction of goodwill and other intangible assets;
- ***adjusted regulatory capital requirement:*** this indicator is based on a CET1 (Common Equity Tier 1) ratio of 10% applied to Risk-Weighted Assets (RWAs) after deduction of RWAs relating to non-money-market seed money, equity investments and voluntary investments (corresponding to the investment of the Group's equity), and after taking into account deductions from regulatory capital under applicable regulations. RWAs relating to non-money-market seed money and equity investments are excluded from the adjusted regulatory capital requirement calculation because the net tangible equity used to finance them is directly deducted in the free capital calculation. For information purposes, the unadjusted regulatory capital requirement, based on a CET1 ratio of 10%, was €877 million at 31 December 2016;
- ***equity investments:*** these are non-consolidated investments in financial institutions (mainly Resona) and in entities accounted for under the equity method;
- ***run-rate amount of non-money market seed money:*** Management believes that, given the rate at which Amundi launches new funds in normal market conditions, Amundi should maintain a level of seed-money investment (excluding money-market funds) between €600 million and €800 million. The middle of the range, that is, €700 million, was assumed in calculating the following table. At 31 December 2016, non-money market seed-money was €401 million.

The table below sets out the calculation of Amundi's free capital at 31 December 2016:

Free capital *In € millions*	31/12/2016	31/12/2015
Equity (Group share)	**6,644**	**6,407**
-Goodwill	(3,162)	(2,999)
-Intangible assets	(108)	(111)
Net tangible equity (Group share)	**3,375**	**3,297**
-Adjusted regulatory capital requirement	(687)	(676)
-Equity investments	(520)	(378)
-Non-money-market seed money (run-rate)	(700)	(700)
Free capital	**1,468**	**1,544**

Amundi's free capital may be used to finance acquisitions, and also is available to support of the Group's distribution policy.

4.7 RELATED-PARTY TRANSACTIONS

The main transactions entered into with related parties are described in note 9.2 "Related parties" to the consolidated financial statements at 31 December 2016.

Moreover, in accordance with the provisions of paragraph 13 of Article L. 225-102 of the French Commercial Code, the Chairman's report as it appears in Part 2.1 of this Registration Document lists the L.-225-38 agreements signed during the period and submitted to the General Shareholders'Meeting for approval. The special report of the Statutory Auditors dated 3 March 2017 incorporated into this Registration Document in part 8 "Special report of the Statutory Auditors on regulated agreements and commitments" describes the essential features and provisions of those agreements and commitments of which the Auditors were made aware, along with information as to the implementation during the period just ended of the agreements and commitments already approved by the General Shareholders'Meeting.

(1) The terms "tangible equity" and "net tangible assets" are equivalent.

4.8 INTERNAL CONTROL

As required by the French Financial Security Act of 1 August 2013, the Chairman of the Board of Directors must describe, in a report accompanying the management report, the conditions of preparation and organisation of the Board's work and the internal control procedures implemented by the Company, on a consolidated basis.

This report, which is published in the manner set forth by the *Autorité des marchés financiers* (AMF) and incorporated into this Registration Document (chapter 2, Chairman's report), contains two parts:

- part I deals with the work of Amundi's Board of Directors;
- part II contains information on the organisational principles underpinning the internal control systems and the risk management and monitoring procedures in effect within Amundi group. It contains descriptions of the systems for managing the risk of non-compliance and for periodic control.

4.9 RECENT TRENDS AND OUTLOOK

Financial market outlooks for 2017[1]

The year 2017 opens on themes such as the increase in long-term interest rates, risks on emerging markets, the great return of budgetary policies, risks on world commerce and the rise of protectionism, the limits of monetary policies, political risks in Europe (elections, Brexit) and geopolitical risk.

The 2017 2018 scenario is based on ten key ideas:

1. the expansion cycle will continue in the main advanced countries but at a slow rhythm;
2. an extension of the economic cycle in the United States, not a new growth cycle;
3. whether in the advanced countries or the emerging countries, growth will be fuelled by consumption; investment will be conspicuously absent and world commerce is no longer a growth engine;
4. Brazil and Russia will come out of recession, an advantage for growth in emerging countries;
5. domestic demand will remain the cornerstone of economies (both advanced and emerging);
6. in 2017 and 2018 the Chinese authorities will lead an orderly slowdown of their economy despite increased vulnerability (real estate bubble, unsustainable medium-term private debt);
7. the price of commodities will be stable at a level slightly higher than their current level ($55 for example for a barrel of Brent);
8. the resurgence of inflation linked to the base effect will be temporary and the monetary policies remain ultra accommodating;
9. the Fed will continue its monetary tightening, reconstitute some margins of manoeuvre but will still be in a phase of normalisation;
10. the outlooks to the 2018 Horizon will depend on the ability of governments to rebalance their policy mix focusing even more on budgetary policy.

It is undeniable that the negotiations surrounding Brexit, Chinese policies (economic policy but especially exchange-rate and capital account opening policy), the limits of monetary policies or the outlooks for changes of budgetary and fiscal policy orientation, the change of leadership in the US and the coming elections in Europe are of a nature to seriously change the current trends.

2017 is thus a critical year for financial markets, in particular for long-term rates.

(1) *Text drafted in January 2017.*

Medium- and long-term outlooks for Amundi

At the time of its initial public offering in November 2015, Amundi presented its strategic outlooks for the 2016–2019 period; these included assumptions of market levels and sensitivity simulations. These **strategic objectives** were essentially founded on organic growth: net inflows of €40 billion on average per year, average annual growth in net earnings per share of 5%, a cost-to-income ratio below 55%. These objectives are confirmed on the basis of the scope at 31 December 2016.

The envisaged acquisition of **Pioneer Investments** (announced on 12 December 2016), will significantly change Amundi's profile. Its strategic objectives will thus be re-evaluated after the completion of the acquisition of Pioneer Investments, planned for the first half of 2017.

This acquisition of Pioneer Investments will significantly strengthen Amundi's industrial project and will further support its position as European leader in asset management. This transformative transaction will **strongly create value**: due to its annual synergies of approximately €180 million (pre-tax), fully realised in three years, it should be relutive on the per-share earnings of Amundi by around 30% [1], including the full annual effect of synergies and excluding integration costs. The three-year return on investment of this acquisition is in line with Amundi's 10% objective.

The maintenance of its distribution policy has moreover been indicated: the dividend should represent at least 65% of the annual net income (prior to integration costs).

4.10 ANALYSIS OF AMUNDI (PARENT COMPANY) RESULTS

In 2016, Amundi's net banking income was €333 million versus €506 million in 2015. This change over the exceptional 2015 level is explained mainly by a €184 million decrease in revenues from shares, including €182 million in dividends received from Amundi's subsidiaries. In addition, net gains on the investment portfolio were up by €12 million.

The net interest income is down by €3 million, primarily due to lower yields on cash investments and to expenses related to the financing line established at the same time as the initial public offering.

In 2016, Amundi recognised €29 million in operating expenses, slightly higher than in 2015, chiefly due to costs related to Amundi's acquisition of Pioneer.

In view of these items, gross operating income totals €304 million in 2016, down by €181 million compared to the 2015 financial year.

Since "cost of risk" and "net income/loss on non-current assets" were zero, pre-tax income on ordinary activities was €304 million.

Income taxes were -€5 million. This expense mainly breaks down into the following items:

- the Amundi tax expense taken individually for €10 million (essentially linked to the tax on dividends);
- a net tax income for the tax consolidation for €5 million.

At 31 December 2016, 17 companies had signed a tax consolidation agreement with Amundi.

In total, Amundi's net income for the period was a profit of €299 million in 2016, compared with €461 million in 2015.

(1) The relutive effect on the 2017 EPS is calculated by adding the full annual effect of the synergies prior to taxes (approximately €180 million), excluding the amortisation of intangible assets and costs of integration.

4.11 FIVE-YEAR AMUNDI (PARENT COMPANY) RESULTS

In € thousands	31/12/2012	31/12/2013	31/12/2014	31/12/2015	31/12/2016
Share capital at end of year *(in €)*	416,979,200	416,979,200	416,979,200	418,113,093	419,813,673
Shares issued	166,791,680	166,791,680	166,791,680	167,245,237	167,925,469
Operations and results for the year *(in €)*					
Net banking income	318,001	324,844	278,983	505,675	333,048
EBITDA	306,821	331,856	269,250	484,742	304,215
Income tax charge	(22,633)	(37,902)	(53,138)	(23,558)	(5,078)
Earnings after tax, depreciation and provisions	284,315	293,954	216,112	461,179	299,126
Earnings distributed	266,867	225,169	243,516	342,853	369,436
Per share data *(in €)*					
Earnings after tax but before depreciation and provisions	1.71	1.76	1.30	2.76	1.78
Earnings after tax, depreciation and provisions	1.70	1.76	1.30	2.76	1.78
Dividends per share	1.60	1.35	1.46	2.05	2.20
Employees					
Average number of employees	16	16	14	10	10
Payroll during the year *(in € thousands)*	2,650	1,779	1,814	2,287	745
Employee benefits and social contributions paid during the financial year (social charges and taxes) *(in thousands of euros)*	878	839	486	492	536

4.12 INFORMATION ON AGING OF ACCOUNTS PAYABLE

Under Article L. 441-6-1 of the French Commercial Code, companies whose separate financial statements are certified by a Statutory Auditor are required to disclose in their management report the net amounts due to suppliers by due date, in accordance with the terms and conditions set out in Article D. 441-4 of Decree No. 2008-1492.

Aging of accounts payable

In € thousands	31/12/2016	31/12/2015
Overdue	108	2
Not yet due	**1,909**	**788**
< 30 days	1,909	788
> 30 days < 45 days		
> 45 days		
TOTAL	**2,017**	**790**