7.1 ANNUAL FINANCIAL STATEMENTS

Balance sheet at 31 December 2018

ASSETS

In € thousands	Notes	31/12/2018	31/12/2017
Interbank transactions and similar items		**1,060,476**	**594,368**
Cash, central banks			
Treasury bills and similar securities	5		
Loans and receivables due from credit institutions	3	1,060,476	594,368
Loans and receivables due from customers	**4**	**195,150**	**256,407**
Securities transactions		**1,785,069**	**1,551,455**
Bonds and other fixed-income securities	5	62,710	
Shares and other variable-income securities	5	1,722,359	1,551,455
Fixed assets		**6,085,542**	**6,121,901**
Equity investments and other long-term investments	6-7	188,809	225,134
Investments in subsidiaries and affiliates	6-7	5,896,718	5,896,741
Intangible assets	7		
Property, plant and equipment	7	15	25
Unpaid share capital			
Treasury shares	**8**	**39,893**	**2,906**
Accruals, prepayments and sundry assets		**431,786**	**559,764**
Other assets	9	389,064	543,811
Accruals	9	42,721	15,953
TOTAL ASSETS		**9,597,915**	**9,086,801**

6.2 CONSOLIDATED FINANCIAL STATEMENTS

6.2.1 Income statement

In € thousands	Notes	2018	2017
Revenue from commissions and other income from customer activities (a)		4,803,695	3,947,251
Commission and other expenses from customer activity expenses (b)		(2,230,051)	(1,778,807)
Net gains or losses on financial instruments at fair value through profit or loss on customer activities (c)		32,121	35,573
Interest and similar income (d)		6,976	11,990
Interest and similar expenses (e)		(21,740)	(19,156)
Net gains or losses on financial instruments at fair value through profit or loss (f)		(16,440)	19,098
Net gains and losses on financial assets at fair value through equity (g)		6,440	
Net gains and losses on available-for-sale financial assets (h)			84,677
Income from other activities (i)		16,779	13,424
Expenses from other activities (j)		(87,344)	(56,921)
Net revenue from commissions and other customer activities (a)+(b)+(c)	4.1	**2,605,765**	**2,204,017**
Net financial income (d)+(e)+(f)+(g)+(h)	4.2	**(24,764)**	**96,610**
Other net income (i)+(j)	4.3	**(70,565)**	**(43,497)**
Net revenues		**2,510,436**	**2,257,130**
Operating expenses	4.4	(1,387,201)	(1,308,562)
Gross operating income		**1,123,236**	**948,568**
Cost of risk	4.5	(11,249)	(13,278)
Share of net income of equity-accounted entities		49,745	33,128
Net gains (losses) on other assets	4.6	(114)	(1,317)
Change in value of goodwill		-	-
Pre-tax income		**1,161,618**	**967,101**
Income tax charge	4.7	(306,792)	(285,910)
Net income for the period		**854,827**	**681,192**
Non-controlling interests		177	102
NET INCOME – GROUP SHARE		**855,004**	**681,294**

NB : Details on the calculation of earnings per share are presented in note 5.15.3.

2018 Operating and Financial review

4

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 2018.

4.1.2 Changes 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 2018.

4.2 ECONOMIC AND FINANCIAL ENVIRONMENT

4.2.1 The macroeconomic environment in 2018

Although global growth began to slow in 2018, growth in the US remained strong, supported by fiscal policy. Growth in the euro zone, however, was disappointing and the conditions in emerging markets deteriorated.

UNITED STATES

Confidence in the United States remained high until the end of the year, the labour market continued to improve and inflation remained under control. The Federal Reserve therefore continued to normalise its monetary policy. However, Washington's introduction of customs duties fuelled fears of a trade war between the US and China, with a negative impact on trade growth and confidence at the end of the year. The American economy is expected to weaken further between now and the end of 2019 and the Fed may be preparing to call time on its cycle of rate hikes.

EURO ZONE

In the euro zone, growth was very disappointing. Firstly, industrial activity and exports were affected by the strong euro at the start of the year, and later by trade tensions. In addition, temporary factors (changes in pollution control standards) led to a sharp decline in automotive production in Germany. Lastly, the increase in oil prices (until October) and rising political uncertainty in the major countries at the end of 2018 (Germany, Italy, France) took their toll. Not to mention the lack of clarity over Brexit. Nevertheless, we expect growth to stabilise in Europe from spring 2019 onwards, with political tensions set to continue until the European elections. With regard to prices, core inflation (excluding energy and food) is expected to stay low (close to 1%) in 2019. The ECB, which in December 2018 terminated its asset purchase programme, could grant new loans to the banking sector (TLTRO). No interest rate hikes are expected in 2019.

EMERGING MARKETS

In the emerging markets, growth began to slow in 2018. Several central banks began to rethink their loose monetary policies and increase rates to fight the inflation caused by the depreciation of their currencies against the dollar. The emerging markets were negatively impacted, on the one hand, by growing geopolitical, international and idiosyncratic risks (crises in Turkey and Argentina), but also by the trade war between the United States and China.

The various world economies will not be synchronous in 2019. Despite highly contrasting developments in different countries, emerging markets should see some recovery at the end of 2019, whereas growth in the advanced economies should stabilise, or potentially even slow down. Eventually, we should see global growth stabilise at around 3.5% in 2019 and 2020[1].

(1) Text drafted in January 2019.

4.2.2 Asset class performance in 2018

2018 – A YEAR LIKE NO OTHER

Never in the past forty years have so many listed asset classes posted such negative performance. This year was even worse than 2008. And this is even more shocking because in 2017, the situation was the opposite. Based on this performance criteria alone (positive vs negative), according to some studies, 2018 will have been the worst year since the start of the 20th century (and 2017 the best). In other words, we have just experienced two exceptional, totally contrasting years, without any feeling of euphoria in 2017 or signs of financial crisis in 2018. In terms of asset management, it should also be noted that in 2018, the benchmark index covering the fourteen largest publicly listed global fund managers, fell more than 30% over the year, a good leading indicator of investor nervousness regarding the outlook for the stock market over the coming months.

In terms of portfolio management, it was therefore difficult, if not impossible, to find any reassurance or protection in traditional safe havens last year (*e.g.* gold), or to rely on the potential virtues of diversification. In relative terms, this does put the poor performances of all indices and benchmarks somewhat into perspective.

Elsewhere, our fears of a gradual downturn in the global economy were confirmed early in the year, especially in the euro zone. The Federal Reserve monetary restraint and talks of the risks of a full-blown trade war also played their part in the markets plunging. Furthermore, 2018 was also unusual in that, for the first time in a long time, customs duties began to rise. **Overall, in terms of performance, some would say that 2018 was the symmetrical opposite of 2017.**

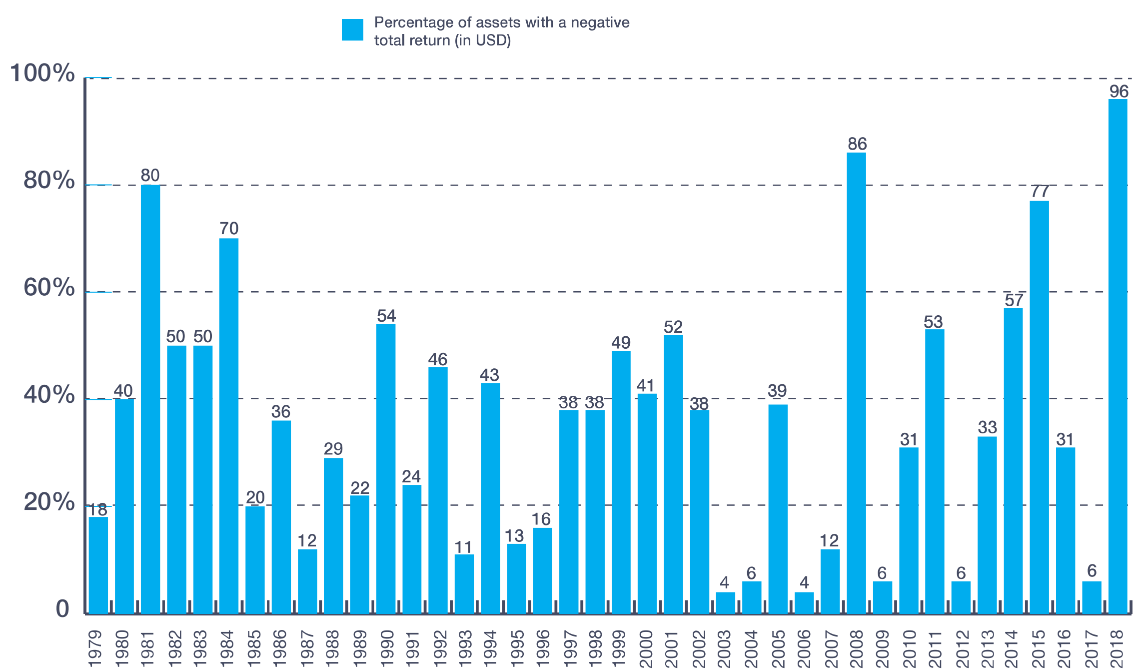
Some of the main factors contributing to market movements in 2018 included:

- **the fear of escalating protectionism, potentially leading to a full-blown trade war:** the most affected areas being Europe and EMG countries;
- **a higher-than-expected increase in rates in the USA,** triggering a rise in long-term rates and the dollar: the most affected areas were emerging (EMG) markets;
- **a delicate political and economic situation in Italy:** weak growth, an "unnatural" coalition, news of fiscal slippages… Should this situation be considered unique to Italy or should we be worried about a systemic risk affecting the entire euro zone?
- **additional specific risks in Argentina, Turkey, etc.;**
- **growing aversion to risk,** which has hit the EMG countries hard, particularly those with high levels of external dependency and/or greater vulnerability and/or poor creditworthiness;
- **the budgetary and fiscal stimulus successfully driven by Donald Trump in the United States is coming to its natural end;**
- **at the end of the year, the impact on growth of the Federal Reserve monetary constraint was a cause for concern in the financial markets;**
- **commercial conflicts and fears of a trade war generated greater uncertainty, with this risk rightly being considered systemic.** The American trade deficit also reached a record 10-year high, reminiscent of the (ill-fated) protectionist measures of the Reagan and Bush administrations.

PERFORMANCE BY ASSET CLASS

An examination of asset class performance over the past 40 years proves that 2018 was the worst year: 96% of listed asset classes performed negatively.

NB: 70 listed asset classes: equities (advanced and emerging markets), government bonds (short and long-term), corporate bonds (short and long-term, advanced and emerging markets), etc.



For the year as a whole, financial market losses were sometimes severe, as shown in the table below. The (almost perfect) symmetry with 2017's year of growth on all markets cannot be ignored:

	2017		2018	
Equity Markets	**29/12/2017**	**Perf. 1 yr (%)**	**31/12/2018**	**Perf. 1 yr (%)**
CAC 40	5312.6	8.8%	4730.7	(11.0%)
MSCI Europe (€. DNR)	6126.5	12.5%	5,478.0	(10.6%)
S&P 500	2673.6	19.4%	2,506.9	(6.2%)
MSCI World	2,103.4	20.0%	1,883.9	(10.4%)
MSCI emerging markets	1,158.5	34.4%	965.8	(16.6%)
EuroStoxx	3,504.0	5.9%	3,001.4	(14.3%)
DAX	12,917.6	11.4%	10,559.0	(18.3%)
Nikkei 225	22,764.9	19.1%	20,014.8	(12.1%)
Dow Jones	24,719.2	25.1%	23,327.5	(5.6%)
Exchange rates	**29/12/2017**	**Perf. 1 yr (%)**	**31/12/2018**	**Perf. 1 yr (%)**
EUR/USD	1.20	13.8%	1.14	(4.8%)
JPY/USD	112.7	(3.4%)	109.7	(2.6%)

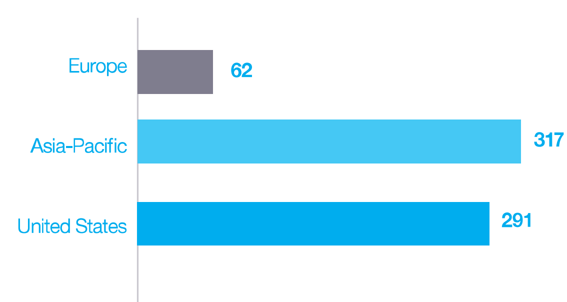
Money market interest rates & Government borrowings	**29/12/2017**	**Year-on-year change in bps**	**31/12/2018**	**Year-on-year change in bps**
3-month Euribor	(0.33)	(1.1)	(0.31)	2.0
10-year OAT	0.66	(0.6)	0.71	4.5
10-year Bund	0.42	23.9	0.25	(17.8)
10-year T bonds	2.41	(2.1)	2.69	27.5
10-year variance in Sovereign debt vs Germany	**29/12/2017**	**Year-on-year change in bps**	**31/12/2018**	**Year-on-year change in bps**
Italy	153	(2.7)	252.7	99.7
Spain	114.7	(1.2)	117.6	2.9
France	23.7	(24.5)	46.4	22.3
Bond Markets	**29/12/2017**	**Year-on-year change in bps**	**31/12/2018**	**Year-on-year change in bps**
JP Morgan EMBI Global Index	311.0	(54.4)	434.6	124.0
iBoxx Euro Corporate Index	226.5	5.2	223.6	(2.9)
iBoxx Euro High Yield Index	326.7	0.1	314.6	(12.1)

4.2.3 The asset management market in 2018

Rate increases, trade tensions between the United States and China, return of market volatility, Brexit… Faced with uncertainty, investors have retreated towards less risky, more diversified investments, in the search for decorrelation.

Inflows by geographic area in 2018 – Worldwide[1]

In € billion



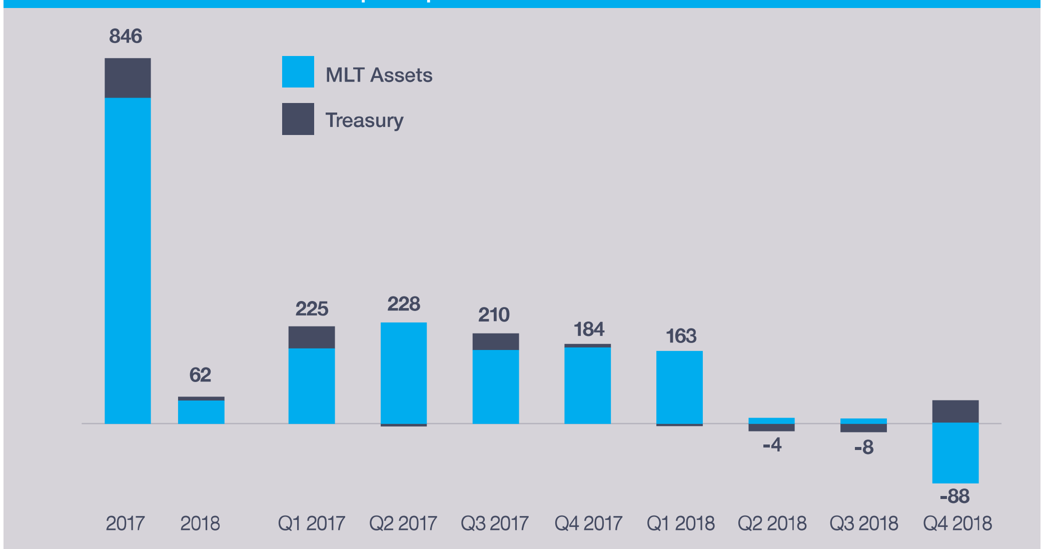
(1) Sources: Amundi and Broadridge Financial Solutions – FundFile & Deutsche Bank ETF / Open-ended funds (excl. dedicated mandates and funds) at end December 2018.

4.2.3.1 EUROPEAN MARKET

The European market for open-ended funds dropped sharply in 2018: net inflows of €62 billion in 2018, far from 2017's record-breaking figure of €846 billion.

After a good start to the year, net inflows into open-ended funds became negative from the second quarter onwards, with accelerated outflows towards the end of the year.

Changes in quarterly inflows to European open-ended funds in 2017 and 2018

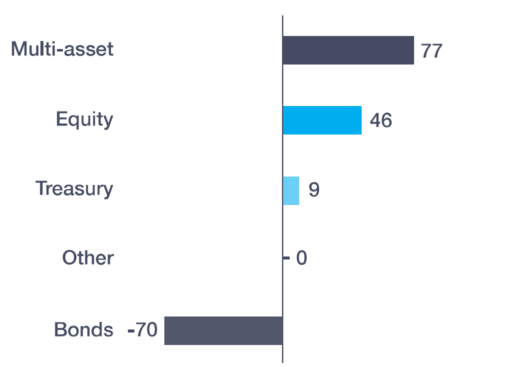


Source: Amundi and Broadridge Financial Solutions - FundFile & Deutsche Bank ETF / Open-ended funds (excl. dedicated mandates and funds) at end December 2018

In this context, it was multi-asset funds (especially those offering flexible, balanced allocations and those delivering regular income) that came out on top (+€77 billion). Equities also remained popular (+€46 billion), particularly funds invested in the US, global and emerging markets, and themed funds. Funds invested in real estate also performed well (+€10 billion). Fixed-income funds, on the other hand, suffered heavy redemptions (-€70 billion), with the exception of a number of non-traditional products such as those providing absolute returns.

Inflows by asset class in Europe

In € billion



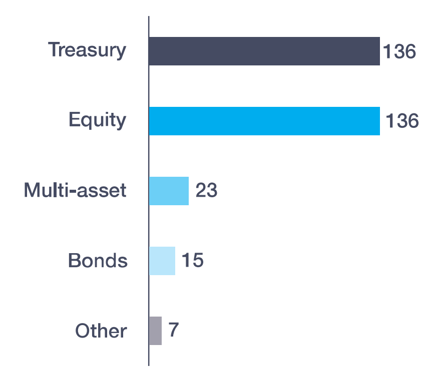
Others = ABS, derivatives, forex, hedge funds, property, commodities, etc.

4.2.3.2 ASIA PACIFIC MARKETS

In **Asia**, fund net inflows were particularly dynamic: +€317 billion in 2018, albeit lower than in 2017. This is due to the sustained appetite for money market funds (+€136 billion) particularly in China and, to a lesser extent, some interest in equities, especially in Japan, China and India.

Inflows by asset class in Asia-Pacific

In € billion



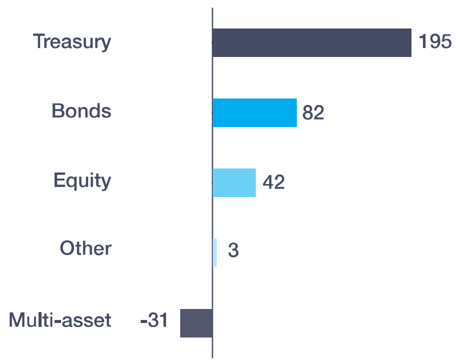
Others = ABS, derivatives, forex, hedge funds, property, commodities, etc.

4.3.3.3 US MARKET

In the **United States**, net inflows amounted to +€291 billion in 2018, a decline of almost 60% year-on-year. Investors started leaning towards fixed-income products, both money market funds and short term bond funds (+€195 billion and +€77 billion respectively). Global equities (+€69 billion) were more popular than local equities (+€36 billion). Similarly, target-date funds (retirement planning) attracted +€57 billion.

Inflows by asset class in the United States

In € billion



Others = ABS, derivatives, forex, hedge funds, property, commodities, etc.

4.2.3.4 PASSIVE AND RESPONSIBLE INVESTMENT EXPERTISES[(1)]

Passive management continued to grow both in relation to equities and interest rates, representing net inflows of +€83 billion in Europe, +€128 billion in Asia and +€372 billion in the United States.

Socially Responsible and Sustainable Investments (SRI/ESG) continued to expand worldwide (+€54 billion), across all asset classes and all client segments.

(1) These have been included in the data by geographic area.

4.3 AMUNDI OPERATIONS AND RESULTS

In 2018, Amundi recorded further growth in its income: accounting net income was 25.5% higher than for 2017. Adjusted net income[(1)] stood at €946 million, +3.1% against 2017[(2)], and +9% against 2017 excluding extraordinary financial revenue[(3)].

These results are even more remarkable given the deteriorating market environment from Q2 2018 onwards. In 2018, the majority of listed asset classes declined and volatility was high. This led to an increased aversion to risk, particularly among Retail clients. This had a negative impact on inflows and on performance fees. The increase in income reflects on the one hand, a high level of activity, and on the other, the successful consolidation of Pioneer, enabling the Group to reassess its synergies (€175 million instead of the €150 million originally forecast).

These strong results are in line with the objectives set out in the 3-year plan and are testament to the robustness of Amundi's business model.

4.3.1 Operations: Assets under management and combined net inflows

It should be noted that all data on assets under management (AuM) and net inflows in this document are combined for 2017; they include advised and marketed assets and 100% of the managed assets and the inflows of the Asian joint ventures; for Wafa in Morocco, assets under management are shown at their proportional share.

In € billion	Total excl. joint ventures	Annual change *(in %)*	Joint Ventures	Annual change *(in %)*	TOTAL	Annual change *(in %)*
Combined assets under management at 31 December 2017 (Amundi & Pioneer)	**1,309**	**/**	**118**	**/**	**1,426**	**/**
Net inflows	+15.7	/	+26.3	/	+42.0	/
Market and currency effect	(41.4)	/	(1.6)	/	(43.0)	/
ASSETS UNDER MANAGEMENT AT 31 DECEMBER 2018	**1,283**	**(2.0%)**	**142**	**+2.1%**	**1,425**	**(0.1%)**

Net inflows remained high in 2018 (+€42 billion), notably driven by medium to long-term assets[(4)] (+€36.3 billion) and Retail (+€30.7 billion[(5)]). Taking account of a negative market effect (-€43 billion), particularly at the end of the year, assets under management totalled €1,425 billion at 31 December 2018, stable over the 12 months.

The quarterly profile of net inflows was notably atypical, with the majority of deposits taken early in the year: Q1: +€39.8 bn, Q2: +€2.6 bn, Q3: +€6.1 bn, Q4: -€6.5 bn.

These changes are consistent with the declining European asset management market[(6)] (+€62 billion in 2018 against +€846 billion in 2017) with accelerated net outflows at the end of the year.

(1) Excluding Pioneer consolidation costs and amortisation of distribution agreements.
(2) Comparison with 2017 combined data: 12 months Amundi +12 months Pioneer.
(3) Growth rate calculated using normalised adjusted and combined 2017 net income, excluding extraordinary financial income.
(4) Excluding treasury.
(5) Including the reinternalisation of assets by Fineco for -€6.5 billion during Q3 2018.
(6) Source: Broadridge Financial Solutions – FundFile / Open-ended funds (excl. dedicated mandates and funds at end-December 2018.

Combined assets under management and combined net inflows by client segment

In € billions	AuM 31/12/2018	AuM 31/12/2017	% Change	Net inflows 2018	Net inflows 2017
French networks[1]	104	107	(3.4%)	+2.9	+4.0
International networks	116	119	(2.3%)	+4.6	+10.2
JV	142	118	+21.0%	+26.3	+17.8
Third-party distributors	170	181	(5.7%)	(3.1)	+17.6
Retail	**532**	**524**	**+1.5%**	**+30.7**	**+49.6**
Institutional[2] & Sovereign investors	354	354	0%	+12.5	+10.8
Corporates	67	72	(7.1%)	(3.6)	+6.9
Employee Savings	54	56	(3.6%)	+2.7	+1.0
CA and SG insurers	417	419	(0.4%)	(0.3)	+2.3
Institutional investors	**893**	**902**	**(1.0%)**	**+11.4**	**+21.0**
TOTAL	**1,425**	**1,426**	**(0.1%)**	**+42.0**	**+70.6**
Total excl. JV	**1,283**	**1,309**	**(2.0%)**	**+15.7**	**+52.8**

(1) French networks: net inflows on medium to long-term assets of +€4.1 billion in 2018.
(2) Including funds of funds.

Retail segment AuM increased marginally (+1.5%) between 2017 and 2018, from €524 billion to €532 billion. This increase is due to a sustained net inflow of +€30.7 billion, offset by a negative market effect.

Institutional investor AuM, however, fell by 1.0% from €902 billion to €893 billion.

Analysis of Retail assets under management and net inflows

The Retail segment once again posted high levels of inflows (+€30.7 billion*) but slowed down significantly at the end of the year in a general context of rising risk aversion in Europe. Highlights of the year:

- very dynamic net inflows in **Asian joint ventures** (particularly in China and India), for which AuM reached €142 billion at the end of 2018;
- resilient net inflows in the **French Networks**, mainly in MLT assets (unit-linked and discretionary management);
- in the **International Networks**, net inflows remained positive, especially in Italy (+€4.3 billion with discretionary management and unit-linked investments), thanks to the partnership with UniCredit;
- a more marked downturn for **Third-party Distributors**, for which inflows remained positive in 2018 (excluding the reinternalisation of assets by Fineco for -€6.5 billion in Q3 2018). However, this sector was affected at the end of the year by growing risk aversion.

Analysis of Institutional assets under management and net inflows

The Institutional and Corporate Investors segment had a good year in terms of inflows (+11 billion), despite a difficult end to the year. Highlights of the year:

- **institutional and Sovereign investors:** a good level of net annual inflows (predominantly in MLT products), despite the end of two mandates (-€6 billion) at the end of the year;
- **corporates:** liquidity outflows (mainly in Q2) but a good level of activity in terms of MLT assets (especially in Corporate pension funds);
- **employee Savings:** 2018 was a really good year (net inflows of +€2.7 billion, versus +€1 billion in 2017), confirming the growth potential of this business line (reinforced by the consequences of the Loi Pacte in France).

4.3.1.1 COMBINED ASSETS UNDER MANAGEMENT AND NET INFLOWS BY ASSET CLASS

In € billions	AuM 31/12/2018	AuM 31/12/2017	% Change	Net inflows 2018	Net inflows 2017
Equity	224	232	(3.6%)	+13.4	+10.7
Multi-asset	251	256	(1.9%)	+10.1[1]	+18.9
Bonds	648	646	+0.3%	+7.0	+3.8[2]
Real, Alternative and Structured	75	70	+6.7%	+5.9	+2.8
MLT Assets (Medium to Long Term)	**1,197**	**1,203**	**(0.5%)**	**+36.3**	**+36.2**
Treasury	228	223	+2.5%	+5.7	+34.4
TOTAL	**1,425**	**1,426**	**(0.1%)**	**+42.0**	**+70.6**

(1) Including reinternalisation of a management mandate by Fineco in Q3 2018 (-€6.5 billion).
(2) Including reinternalisation of a management mandate by the ECB in Q1 2017 (-€6.9 billion).

* *Including the reinternalisation of assets by Fineco for -€6.5 billion during Q3 2018.*

Net inflows for 2018 were mainly driven by medium to long-term assets (MLT).

These **medium to long-term assets**, at €1,197 billion, represented 84% of total assets under management. This is 0.5% less than at the end of 2017, the strong net inflows over the year (+€36.3 billion) being offset by the negative market effects. Fineco's reinternalisation of assets during Q3 2018, for -€6.5 billion should also be noted.

All asset classes contributed to net inflows in 2018. Medium to long-term assets amounted to +€36.3 billion (+€42.8 billion excluding the reinternalisation of Fineco's mandate) and Treasury activity was lower this year.

There was particularly dynamic momentum in the growth engines implemented a few years ago:

- **passive management and smart beta**(1): another year of positive results, with net inflows of +€14 billion in 2018, taking AuM to €95 billion at the end of 2018; 5.6% higher than at the end of 2017:
  - ETF: net inflows in 2018 of +€3.8 billion (4th highest in Europe(2)), taking AuM to €38.6 billion at the end of 2018 (4th best in Europe)(2);
- **real and alternative assets**(1): continued growth with net inflows rising to +€3.5 billion in 2018 (+€2.3 billion in 2017), notably in Real Estate, Private Debt and Private Equity.

4.3.1.2 COMBINED ASSETS UNDER MANAGEMENT AND NET INFLOWS BY GEOGRAPHIC AREA

In € billions	AuM 31/12/2018	AuM 31/12/2017	% Change	Net inflows 2018	Net inflows 2017
France	812(1)	841(1)	(3.4%)	(2.9)	+19.3
Italy	167	175	(4.2%)	+1.6	+10.3
Europe excluding France and Italy	161	150	+7.2%	+15.5	+12.7
Asia	200	177	+12.8%	+26.8	+23.6
Rest of World	85	83	+1.4%	+0.9	+4.7
TOTAL	**1,425**	**1,426**	**(0.1%)**	**+42.0**	**+70.6**
TOTAL International	**613**	**585**	**+4.6%**	**+44.9**	**+51.3**

(1) Of which €402 billion for Group insurers.

In 2018, net inflows were driven by all geographic areas except France; international inflows totalled +€44.9 billion, taking international assets under management to €613 billion, representing 43% of the Group's total AuM (and 59% of AuM excluding CA and SG insurers). Activity in Asian joint ventures was dynamic (particularly in China and India) as well as in Hong Kong and Taiwan. Activity in Italy remained robust (+€8.2 billion(3)), as it did in the rest of Europe (Germany and the Netherlands in particular).

France reported a high level of MLT asset business (+€9.5 billion in 2018), offset by liquidity outflows in Corporate.

(1) Excluding joint ventures.
(2) Source: DB ETF Monthly Review & Outlook, end December 2018.
(3) Excluding the reinternalisation of assets by Fineco for -€6.5 billion during Q3 2018.

4.3.2 Income statement

Income statement[1]

In € millions	2018	2017	2018 vs. 2017
Adjusted net revenue (a)[2]	**2,582**	**2,301**	**(12.2%)**
Of which net asset management revenues	2,606	2,204	+18.2%
Of which net management fees	2,491	2,029	+22.8%
Of which performance fees	115	175	(34.5%)
Of which net financial income and other net income[2]	(24)	97	NS
Adjusted operating expenses(b)[3]	**(1,331)**	**(1,173)**	**+13.4%**
Adjusted gross operating income[2] [3]	**1,251**	**1,128**	**+10.9%**
Adjusted cost-to-income ratio (b)/(a)	*51.5%*	*51%*	*(0.5 pt)*
Cost of risk and other	(11)	(15)	(22.1%)
Share of net income of equity-accounted entities	50	33	+50.2%
Adjusted pre-tax income[2] [3]	**1,289**	**1,146**	**+12.5%**
Income tax charge[2] [3]	(343)	(347)	(1.1%)
Adjusted net income Group share[2] [3]	**946**	**800**	**+18.4%**
Amortisation of distribution agreements net of tax	(50)	(30)	+63.3%
Pioneer consolidation costs, net of tax	(42)	(88)	(52.5%)
Net income, Group share	**855**	**681**	**+25.5%**
Net accounting earnings per share *(in €)*	4.24	3.54	+19.8%
Adjusted earnings per share *(in €)*	4.69	4.16	+12.7%

(1) Restatement of accounting net revenues for amortisation of distribution agreements (UniCredit as from 1 July 2017, SG and Bawag in 2017 and 2018), and restatement of accounting operating expenses in 2017 and 2018 for Pioneer integration costs. Both these factors are shown net of tax in the table above.
(2) Excluding amortisation of distribution agreements.
(3) Excluding Pioneer integration costs.

Net income[1] for the 2018 fiscal year rose sharply, benefiting both from Pioneer's contribution (consolidated during H2 2017) and strong growth: accounting net income Group share climbed to €855 million, an increase of +25.5% on 2017.

Accounting earnings per share stood at €4.24, an impressive 19.8% rise on 2017.

Adjusted **net Earnings per Share** (excluding integration costs and amortisation of distribution agreements) were €4.69, up 12.7% on 2017.

(1) Accounting income includes the amortisation of distribution agreements and Pioneer consolidation costs. In 2017, Pioneer was consolidated for only 6 months.

Combined income statement[1]

In € millions	2018	2017	2018 vs. 2017
Combined adjusted net revenues (a)[2]	**2,582**	**2,722**	**(5.2)%**
Of which net asset management revenues	2,606	2,625	(0.7)%
Of which net management fees	2,491	2,445	+1.9%
Of which performance fees	115	180	(36.3)%
Net financial income and other net income[2]	(24)	97	NS
Combined adjusted operating expenses[3] (b)	**(1,331)**	**(1,428)**	**(6.8)%**
Combined adjusted gross operating income[2] [3]	**1,251**	**1,295**	**(3.4)%**
Combined adjusted cost-to-income ratio[2] [3] (b)/(a)	*51.5%*	*52.4%*	*(0.9 pt)*
Cost of risk and other	(11)	(16)	(30.6)%
Share of net income of equity-accounted entities	50	33	+50.2%
Combined adjusted pre-tax income[2] [3]	**1,289**	**1,311**	**+1.7%**
Combined adjusted income tax[2] [3]	(343)	(393)	(12.7)%
Combined adjusted net income Group share[2] [3]	**946**	**918**	**+3.1%**
Amortisation of distribution agreements net of tax	(50)	(30)	63.3%
Pioneer consolidation costs, net of tax	(42)	(88)	(52.5)%
Combined net income Group share	**855**	**800**	**+6.9%**

(1) Combined net income: figures for 2017 correspond to the sum of 12 months Amundi activity plus 12 months Pioneer activity, with a normalised net income in the first half of the year.
Adjustments: restatement of accounting net revenues for amortisation of distribution agreements (UniCredit as from 1 July 2017, SG and Bawag in 2017 and 2018), and restatement of accounting operating expenses in 2017 and 2018 for Pioneer integration costs. Both these factors are shown net of tax in the table above.
(2) Excluding amortisation of distribution agreements.
(3) Excluding Pioneer integration costs.

Adjusted net income[1], which gives a clear view of the Group's performance on a comparable scope, **rose to €946 million, notably owing to lower operating expenses, associated with cost synergies related to Pioneer:**

- **net revenues**[2] remained resilient at €2,582 million (-5.2% compared with 2017[3]). This contraction is the result of an unfavourable comparison effect with 2017 during which exceptionally high levels of performance fees and financial income were generated (related to disposals of interests ahead of the Pioneer acquisition and a favourable market environment). Net asset management revenues were essentially stable: the increase in net management fees (+1.9%[3]) was offset by lower performance fees. In addition, the negative market environment, especially at the end of the year, impacted financial income (mark-to-market valuation). The average margin[4] on AuM was stable, at 18.8 bps of AuM;
- **operating expenses**[5] fell substantially (-6.8%[3]), thanks to the rapid execution of Pioneer-related cost synergies (€110 million in 2018), despite the additional external research costs linked to MiFID II and the first expansion reinvestments;
- as a result, the **cost-to-income ratio**[1] was **51.5%, having improved by 0.9 pt**[3];
- the share in net income of equity-accounted entities (mainly Asian joint ventures) rose significantly to €50 million (+50% compared with 2017[3]);
- in light of a lower tax rate, notably due to the fiscal reform in the United States, **adjusted net income Group share totalled €946 million, a 3.1% increase against 2017**[3] **and +9% against 2017 excluding extraordinary financial revenues**[6].

(1) Excluding Pioneer integration costs and amortisation of distribution agreements.
(2) Excluding amortisation of UniCredit, SG and Bawag distribution agreements.
(3) Comparison with 2017 combined data: 12 months Amundi +12 months Pioneer.
(4) Average margin: net asset management revenues (excl. performance fees / average AuM excl. JVs.
(5) Excluding Pioneer integration costs.
(6) Growth rate calculated using adjusted and combined 2017 net income, excluding extraordinary financial income.

4.3.2.1 COMBINED ADJUSTED NET REVENUES

In € millions	2018	2017	2018 *vs.* 2017
Net asset management revenues	2,606	2,625	(0.7%)
Net financial income and other net income	(24)	97	(36.3%)
COMBINED ADJUSTED NET REVENUE(1)	**2,582**	**2,722**	**(5.2%)**

(1) Excluding amortisation of distribution agreements.

Combined adjusted net revenue held up well, standing at €2,582 million for 2018, a decrease of 5.2% compared with 2017, a highly successful year. This development can be explained by the minor decrease of 0.7% in net asset management revenue and a more marked decline in financial revenue, owing on the one hand to the negative effect when compared with 2017, but also to unfavourable market conditions which affected net financial income (mark-to-market effect of IFRS 9).

Combined net asset management revenue

In € millions	2018	2017	2018 *vs.* 2017
Net management fees	2,491	2,445	+1.9%
Performance fees	115	180	(36.3%)
COMBINED NET ASSET MANAGEMENT REVENUE	**2,606**	**2,625**	**(0.7%)**

Net management fees rose by 1.9%, in line with the growth in assets under management (excluding equity-accounted joint ventures).

Following an impressive 2017, **performance fees** totalled €115 million. This decline is due to unfavourable market conditions in 2018 (particularly equity markets; the CAC 40 fell by 11%). Performance fees represented 4% of total net asset management revenues.

Combined net fee and commission income and margins by client segment

In € millions	2018	2017	2018 *vs.* 2017
Retail			
Net management fees	1,832	1,786	+2.6%
Margin	*44.8 bps*	*46.0 bps*	*(1.2 bps)*
Institutional excluding CA and SG Insurers			
Net management fees	518	521	(0.6%)
Margin	*10.4 bps*	*10.9 bps*	*(0.5 bps)*
CA and SG insurers			
Net management fees	141	139	+1.5%
Margin	*3.4 bps*	*3.4 bps*	=
TOTAL NET MANAGEMENT FEES	**2,491**	**2,445**	**+1.9%**
Average AuM excl. JV in € millions	1,327	1,279	+3.7%
Margin on average assets excluding JV	***18.8 bps***	***19.1 bps***	***(0.3 bps)***

In 2018, combined net fees rose by +1.9% against 2017. The average margin was stable, declining only 0.3 bps.

Breakdown by segment:

- net fees in the **Retail segment** rose by 2.6% against 2017, mainly thanks to the rise in assets under management. Despite this, the net margin was lower than the previous year;
- net fees from **Institutional clients** excluding CA and SG insurers were fairly stable, at -0.6% compared with 2017; continuing the 2016 trend, institutional margins again declined slightly in 2018;
- net fees in the CA and SG **Insurers** segment edged up by 1.5% on 2017; margins were unchanged.

Combined performance fees by asset class

In € millions	2018	2017	2018 *vs.* 2017
Fixed Income (including Treasury)	64	125	(48.8%)
Other asset classes (equities, multi-asset, etc.)	51	55	(7.3%)
TOTAL	**115**	**180**	**(36.3%)**

Combined performance fees were lower than in 2017, due to considerably less favourable market conditions across all asset classes (equities, bonds, etc.). In fact, 2018 was like no other year since 2008. All listed asset classes performed negatively.

Combined adjusted operating expenses

In € millions	2018	2017	2018 *vs.* 2017
Employee expenses	(854)	(954)	(10.4%)
Other expenses	(476)	(474)	+0.5%
COMBINED ADJUSTED OPERATING EXPENSE	**(1,331)**	**(1,428)**	**(6.8%)**

Amundi maintained good control over its adjusted operating expenses in 2018, which fell 6.8% compared with 2017, due to the rapid execution of Pioneer-related cost synergies (mainly affecting employee expenses), despite additional external research costs linked to MiFID II, on the one hand, and the first expansion reinvestments, on the other.

The Pioneer synergies represented €110 million in 2018, *i.e.* 63% of total targeted synergies, ahead of the initial schedule.

General operating expenses made up only 10 basis points on average AuM excluding JVs in 2018, compared to 11.2 bp in 2017. This ratio is one of the lowest in the industry.

4.3.2.2 COMBINED ADJUSTED GROSS OPERATING INCOME AND COST-TO-INCOME RATIO

In € millions	2018	2017	2018 *vs.* 2017
Combined adjusted net revenues (a)	2,582	2,722	(5.2%)
Combined adjusted operating expenses (b)	(1,331)	(1,428)	(6.8%)
COMBINED ADJUSTED GROSS OPERATING INCOME	**1,251**	**1,295**	**(3.4%)**
Combined adjusted cost-to-income ratio (b)/(a) *(in %)*	***51.5%***	***52.4%***	***(0.9 pt)***

Combined adjusted gross operating income fell by 3.4% relative to 2017, and amounted to €1,251 million.

Amundi's operational efficiency improved with an adjusted cost-to-income ratio of 51.5% in 2018, a reduction of 0.9 points. This ratio remains one of the best in the asset management industry.

4.3.2.3 OTHER ELEMENTS OF THE COMBINED INCOME STATEMENT

The sum of **cost of risk** and others (-€11 million) is mainly comprised of various provisions for risks.

The **share in net income of equity-accounted entities** jumped to €50 million in 2018, a huge 50% more than in 2017, reflecting a notable improvement in operational efficiency and continued growth in assets under management in Asian joint ventures, particularly in China and India.

After taking account of the **tax expense** of €343 million in 2018 (the result of a significantly lower tax rate compared to 2017, largely due to the effects of the US tax reform), adjusted net income Group share stood at €946 million, **a rise of 3.1%** against 2017 **and +9% against 2017 excluding extraordinary financial revenue**[1].

(1) Growth rate calculated using adjusted and combined 2017 net income, excluding extraordinary financial income.

4.3.2.4 METHODOLOGICAL NOTES AND ALTERNATIVE PERFORMANCE INDICATORS

I. Income statement

1. *Accounting data*

The 2018 data corresponds to 12 months Amundi activity and 12 months Pioneer activity. The 2017 figures cover 12 months Amundi activity and 6 months Pioneer activity, consolidated as of 1 July 2017.

2. *Adjusted data*

The following adjustments were made to present an income statement that is closer to the economic reality:

- 2018: restatement of Pioneer-related integration costs and amortisation of distribution agreements (recognised as a deduction from net revenues) with SG, BAWAG and UniCredit;
- 2017: restatement of Pioneer-related consolidation costs and amortisation of distribution agreements (recognised as a deduction from net revenues) with SG and BAWAG over 12 months and UniCredit over 6 months (the UniCredit contract only came into force in Q3 2017).

3. *Combined data*

The combined data differs from the pro forma data (presented in the 2016 Registration Document) which included restatements based on the financing assumptions made during the Pioneer acquisition: higher financial expenses, lower financial income.

Nota bene on accounting and combined data :

Pioneer integration costs:

- 2018: €56 million before tax and €42 million after tax;
- 2017: €135 million before tax and €88 million after tax.

Amortisation of distribution agreements:

- 2018: €71 million before tax and €50 million after tax;
- 2017: €44 million before tax and €30 million after tax.

II. Amortisation of UniCredit distribution agreements

At the time of the Pioneer acquisition, ten-year distribution agreements were entered into with the UniCredit networks in Italy, Germany, Austria and the Czech Republic. The gross value of these agreements was €546 million, recognised on the balance sheet under Intangible assets. A €161 million deferred tax liability was recognised at the same time. The net total was therefore €385 million, amortised on a straight-line basis over ten years starting 1 July 2017.

The full-year impact of this amortisation on the Group income statement was €38 million net of tax (€55 million before tax), booked under "Other income". This is added to the existing amortisation of the distribution agreements with SG and Bawag of €11 million full-year net of tax, or €17 million before tax.

III. Alternative Performance Indicators

Adjusted net income

To present an income indicator that is closer to the economic reality, Amundi publishes Adjusted net income reconciled with the Accounting net income, Group share, as follows:

In € millions	12M 2018 Actual	12M 2017 Reported "Combined"	12M 2017 Reported "Accounting"
Net revenue (a)	**2,510**	**2,678**	**2,257**
+ Amortisation of distribution contracts before tax	71	44	44
Adjusted net revenue (b)	**2,582**	**2,722**	**2,301**
Operating expenses (c)	**(1,387)**	**(1,563)**	**(1,309)**
+ Pioneer integration costs before tax	56	135	135
Adjusted operating expenses (d)	**(1,331)**	**(1,428)**	**(1,173)**
Gross operating income (e) = (a)+(c)	**1,123**	**1,115**	**949**
ADJUSTED GROSS OPERATING INCOME (F) = (B)+(D)	**1,251**	**1,295**	**1,128**
Cost-to-income ratio (c)/(a)	*55.3%*	*58.4%*	*58.0%*
Adjusted cost-to-income ratio (d)/(b)	*51.5%*	*52.4%*	*51.0%*
Cost of risk & Others (g)	(11)	(16)	(15)
Equity-accounted entities (h)	50	33	33
Pre-tax income (i) = (e)+(g)+(h)	**1,162**	**1,132**	**967**
ADJUSTED PRE-TAX INCOME (J) = (F)+(G)+(H)	**1,289**	**1,311**	**1,146**
Income tax (k)	*(307)*	*(332)*	*(286)*
Adjusted income tax (l)	*(343)*	*(393)*	*(347)*
NET INCOME GROUP SHARE (I)+(K)	**855**	**800**	**681**
Adjusted net income Group share (j)+(l)	**946**	**918**	**800**
Accounting EPS *(in €)*	**4.24**		**3.54**

4.3.3 Dividend policy

The Board of Directors will propose to the General meeting of 16 May 2019, **a cash dividend of €2.90 per share**. This equates to a 65.3% payout of net income Group share (excluding Pioneer consolidation costs and based on the number of shares outstanding at end-2018), and a 6.3% return on the last share price at 31 December 2018.

The ex-dividend date will be 24 May 2019. Payment will be as from 28 May 2019.

4.4 BALANCE SHEET AND FINANCIAL STRUCTURE

4.4.1 Amundi consolidated balance sheet

ASSETS

In € millions	31/12/2018	01/01/2018	Change
Cash, central banks	0	0	NA
Derivative instruments	2,456	2,661	(7.7%)
Financial assets at fair value through profit or loss	7,995	5,769	38.6%
Financial assets at fair value through equity	486	412	18.0%
Financial assets at amortised cost	1,005	1,118	(10.1%)
Current and deferred tax assets	194	202	(4.0%)
Accruals, prepayments and sundry assets	2,254	2,134	5.6%
Investments in equity-accounted entities	264	181	45.9%
Property, plant and equipment	43	45	(4.4%)
Intangible assets	544	623	(12.7%)
Goodwill	5,696	5,674	0.4%
TOTAL ASSETS	**20,937**	**18,818**	**11.3%**

EQUITY AND LIABILITIES

In € millions	31/12/2018	01/01/2018	Change
Derivative instruments	2,681	2,647	1.3%
Financial liabilities designated at fair value through profit and loss	5,532	3,773	46.6%
Financial liabilities at amortised cost	1,314	603	117.9%
Current and deferred tax liabilities	281	288	(2.4%)
Accruals, deferred income and sundry liabilities	2,088	2,774	(24.7%)
Provisions	209	228	(8.3%)
Subordinated debt	304	304	=
Equity, Group share	8,528	8,200	4.0%
■ Share capital and reserves	2,947	2,977	(1.0%)
■ Consolidated reserves	4,779	4,573	4.5%
■ Unrealised or deferred gains or losses	(53)	(31)	NA
■ Net income, Group share	855	681	25.6%
Non-controlling interests	0	0	NA
TOTAL EQUITY AND LIABILITIES	**20,937**	**18,818**	**11.3%**

4.4.1.1 CHANGES TO THE BALANCE SHEET IN 2018

At 31 December 2018, the balance sheet total was €20.9 billion, compared with €18.8 billion at 31 December 2017 and 1 January 2018 upon first application of IFRS 9.

The impact of first application of IFRS 9 on the consolidated balance sheet is not material and is detailed in note 6.2.7 to the consolidated financial statements.

This increase is due to an increase in the assets and liabilities designated at fair value through profit or loss associated with the EMTN issues for Retail customers for €1.8 billion.

Derivatives (assets) represented €2,456 million at 31 December 2018 (vs. €2,661 million at 1 January 2018), a decrease of 7.7% over 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 EMTN issues.

Derivatives (liabilities) represented €2,681 million at 31 December 2018 (vs. €2,647 million at 1 January 2018), an increase of 1.3% over 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 €7,995 million at 31 December 2017, versus €5,769 million at 1 January 2018, an increase of 38.6%. They mostly comprised:

- assets backing EMTN issues (measured symmetrically at optional fair value through profit and loss), in the amount of €5,776 million at 31 December 2018 versus €3,802 million at 1 January 2018, an increase of 51.9% related to the growth of the business. These hedging assets are: bonds issued by Crédit Agricole S.A. and fund units held by Amundi Finance Émissions, and term deposits placed by LCL Émissions at LCL;
- investments in seed money (€355 million at 31 December 2018, versus €347 million at 1 January, an increase of 2.3%);
- voluntary investments (€1,768 million at 31 December 2018, versus €1,528 million at 1 January 2018, an increase of 15.7%). The main development over the year consisted in the reallocation of monetary assets to fixed-income underlyings, particularly long-term treasury bonds;
- non-consolidated equity holdings, excluding those measured at fair value through equity not recyclable through profit and loss, for €98 million at 31 December 2018, compared with €93 million at 1 January 2018.

Financial liabilities designated at fair value through profit and loss in the amount of €5,532 million at 31 December 2018, versus €3,773 million at 1 January 2018, an increase of 46.6%, represented the fair value of the structured EMTNs issued by the Group as part of the broadening of its range of solutions for Retail customers.

Financial assets designated at fair value through equity showed balances of €486 million at 31 December 2018, versus €412 million at 1 January 2018, an increase of 18%. This item presents non-consolidated equity holdings recognised at fair value through equity non recyclable through profit and loss in the amount of €189 million at 31 December 2018, compared with €245 million at 1 January 2018, as well as government securities (€294 million at 31 December 2018, versus €164 million at 1 January 2018, an increase of 79.3%), held under the EMIR regulation to underwrite derivative positions.

Financial assets at amortised cost are made up of loans and receivables due from credit institutions and totalled €1,005 million at 31 December 2018, compared with €1,118 million at 1 January 2018, a decrease of 10.1%. At 31 December 2018, it broke down into €974 million of short-term deposits and cash and €31 million of medium to long-term loans (due 2022).

Liabilities at amortised cost are made up of borrowings from credit institutions and totalled €1,314 million at 31 December 2018, compared with €603 million at 1 January 2018. The increase is linked to the collateral refinancing which moved from a "net borrowing position" to a "net lending position" vis-à-vis counterparties, the setting up of structural currency hedging transactions and the financing of government securities purchased under the EMIR regulation. At 31 December 2018, amounts due to credit institutions were made up of short-term loans totalling €1,038 million and medium to long-term loans totalling €276 million, mainly with the Crédit Agricole Group.

Subordinated debt, which totalled €304 million at 31 December 2018, comprised subordinated debt subscribed with Crédit Agricole S.A. as part of the financing of the acquisition of Pioneer subsidiaries. This subordinated debt is due in 2027.

Accruals, prepayments and sundry assets stood at €2,254 million at 31 December 2018, against €2,134 million at 1 January 2018, an increase of 5.6%. This item includes collateral given in connection with Amundi's swaps brokerage business of €1,057 million (versus €854 million at 1 January 2018) and other accruals, prepayments and sundry assets of €1,197 million (versus €1,280 million at 1 January 2018), mainly in accrued management fees.

Accruals, prepayments and sundry liabilities stood at €2,088 million at 31 December 2018, against €2,774 million at 1 January 2018, a decrease of 24.7%. This item includes collateral received in connection with the brokerage business of €465 million (versus €1,041 million at 1 January 2018) and other accruals, deferred income and sundry liabilities of €1,622 million (versus €1,733 million at 1 January 2018), mainly in accrued commissions payable to distributors.

Intangible assets totalled €544 million at 31 December 2018, against €623 million at 1 January 2018. This decrease mainly reflected the amortised value of UniCredit distribution agreements recognised upon acquisition of the Pioneer Group subsidiaries.

Goodwill totalled €5,694 million at 31 December 2018, versus €5,674 million at 1 January 2018. This change was due to the impact of converting foreign currency goodwill.

Goodwill includes the following principal items:

- €378 million of goodwill recognised upon the transfer by Crédit Agricole Indosuez of its asset management business in December 2003;
- €1,733 million of goodwill assigned in 2004 to asset management upon the acquisition of Crédit Lyonnais by Crédit Agricole S.A.;
- €708 million of goodwill from the contribution of Société Générale's asset management business to Amundi S.A. in December 2009;

- €2,537 million of goodwill arising from the acquisition of Pioneer Group subsidiaries on 3 July 2017.

Provisions totalled €209 million at 31 December 2018, compared with €228 million at 1 January 2018.

The Group's shareholders' equity including earnings for the period ended 31 December 2018, were €8,528 million versus €8,200 million at 31 December 2016, up +4.0%. The net positive change of +€328 million largely corresponds to the net effect of the following items:

- Amundi dividends declared for 2016 in the amount of €504 million;
- net income for the period of +€855 million;
- change in "gains and losses recognised directly in equity" for -€22 million.

4.4.1.2 INVESTMENT PORTFOLIO

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

31/12/2018 *In € millions*	Asset classes				
	Money market	Bonds*	Equities and Multi-asset	Other	Total
Seed money	4	125	169	58	355
Voluntary investments and other	594	1,375	31	63	2,063
TOTAL	**598**	**1,500**	**199**	**121**	**2,418**

* *Including €294 million of Emir OAT in voluntary investments.*

31/12/2017 *In € millions*	Asset classes				
	Money market	Bonds*	Equities and Multi-asset	Other	Total
Seed money	3	94	155	95	347
Voluntary investments and other	788	814	20	71	1,693
TOTAL	**791**	**908**	**175**	**166**	**2,040**

* *Including €164 million of Emir OAT in voluntary investments.*

4.4.2 Off-balance sheet items

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.

	31/12/18	31/12/17
Formula funds	9,260	12,030
CPPI	7,292	5,504
Other guaranteed funds	3,577	3,209
TOTAL	**20,129**	**20,743**

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 Financial structure

Amundi's total assets amounted to €20.9 billion at 31 December 2018.

In order to analyse the Group's financial position from an economic standpoint, Amundi also presents a condensed statement of financial position aggregating certain items to show the effects of netting.

This economic presentation of the balance sheet results in total assets of €9.2 billion after aggregation and netting:

ECONOMIC ASSETS

In € millions	31/12/2018	31/12/2017
Property, plant and equipment	43	44
Investments in equity-accounted entities	264	181
Investment portfolio (incl. Emir OAT) and non-consolidated equity holdings	2,705	2,378
■ investments	2,418	2,040
■ non-consolidated equity holdings	287	338
Cash collateral	592	/
Assets representing structured EMTNs	5,551	3,816
Cash position net of short-term debts	/	771
TOTAL ECONOMIC ASSETS	**9,155**	**7,190**

ECONOMIC EQUITY AND LIABILITIES

In € millions	31/12/2018	31/12/2017
Equity net of goodwill and intangible assets	2,288	1,906
Provisions	209	226
Subordinated debt	304	304
Long-term senior debt	276	345
Net short-term debt	100	/
Structured EMTN issues	5,532	3,773
Accruals & others	446	449
Cash collateral	/	187
TOTAL ECONOMIC EQUITY AND LIABILITIES	**9,155**	**7,190**

As illustrated in the table above, Amundi benefits from a strong financial structure:

- **a high level of tangible equity; €2.3 billion compared with €1.9 billion at end 2017, representing an increase of almost 20%** and a CET1 ratio of 13.2% at end 2018, considerably higher than regulatory requirements including an increase of non-financial operational risk-weighted assets, with a view to ensuring compliance with Basel IV;

In € millions	31/12/2018	31/12/2017
Equity, Group share	8,528	8,203
Non-controlling interests	0	0
Goodwill	(5,695)	(5,674)
Intangible assets	(544)	(623)
Tangible equity Group share	**2,288**	**1,906**
Dividends	(584)	(504)
Prudential filters	(264)	(220)
Common Equity Tier 1	**1,440**	**1,182**
Risk weighted assets	10,949	9,561
CET1 ratio	**13.2%**	**12.4%(1)**

(1) Phased-in. 11.9% under fully loaded Basel III.

- **very modest long-term debt;**
- **a €2 billion investment portfolio** including €355 million in seed money. The rest is mostly invested in Amundi's cash and fixed-income funds, partly to ensure the compliance of its LCR ratio, which at 211% at end-2018 was also well above the minimum regulatory threshold (see below).

This financial solidity is further attested by Amundi's A+ rating with stable outlook, which Fitch reaffirmed on 7 June 2017 (taking into account the Pioneer acquisition).

At 31 December 2018, Amundi had a net lending position:

In € millions	31/12/2018	31/12/2017
a. Net cash	924	1,003
b. Voluntary investments (excl. *seed money*) in money market funds and short-term bank deposits	629	841
c. Voluntary investments (excl. *seed money*) in fixed-income funds*	1,081	649
d. Liquidity (a+b+c)	**2,634**	**2,493**
e. Position net of margin calls on derivatives	**592**	**(187)**
Debited to balance sheet	1,057	854
Credited to balance sheet	465	1,041
f. Short-term debts to credit institutions	1,024	232
g. Current portion (< 1 year) of medium and long-term debts to credit institutions	69	69
h. Current financial debts to credit institutions (f+g)	**1,093**	**301**
i. Long-term portion (> 1 year) of medium and long-term debts to credit institutions	507	576
j. Non-current financial debts to credit institutions	**507**	**576**
K. NET FINANCIAL DEBT (H+J-D-E)	**(1,626)**	**(1,429)**

** Excl. OAT (Emir)*
(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.

At 31 December 2018, Amundi's **(Liquidity Coverage Ratio) LCR**, at one month in a stressed scenario, was 211%. 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 been subject to limits on this ratio since 1 October 2015, with a minimum ratio of 100% as from 2018.

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 2017. 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 funds managed by the Group. It includes two covenants, for which the requirements were met at 31 December 2018: a minimum level of tangible shareholders' equity and a gearing ratio, being the ratio of net debt to tangible equity.

4.5 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 2018.

Furthermore, in accordance with Article L. 225-37-4, 2 of the French Commercial Code, -the Corporate Governance report (included in Chapter 2 of the 2018 Registration Document) lists all related party agreements, covered by the provisions of Article L. 225-38, signed in 2018 and submitted to the AGM for approval. The special report of the statutory auditors dated 22 March 2019, included in this Registration Document in chapter 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 concerning the implementation, during the fiscal year just ended, of agreements and commitments already approved by the AGM.

4.6 MAIN RISKS

In accordance with Article L. 225-100-1, paragraphs 3 and 4, of the French Commercial Code, part 3 and part 5 of this 2018 Registration Document set out the principal risks and uncertainties facing the Company, as well as indications of the financial risks arising from climate change and a presentation of measures the Company is taking to mitigate these by applying a low-carbon strategy to all components of its business.

4.7 INTERNAL CONTROL

The main features of the internal control and risk management procedures put in place by the Company for preparation and processing of accounting and financial information are presented in chapter 5 of this 2018 Registration Document.

4.8 OUTLOOK

In 2018, Amundi’s dynamic development confirmed the resilience of its business model; the consolidation of Pioneer was a success and is essentially complete.

The 2018 results are in line with the plan announced in February 2018. Despite a less than promising economic environment, Amundi still retains powerful assets to continue its profitable growth, based on the following strategic priorities:

- to continue the development of each business line by leveraging its leadership role in Retail networks and accelerating penetration among institutional and corporate clients;
- to develop new distribution partnerships, particularly in Europe and Asia;
- to continue to promote its range of products and services;
- to expand its presence throughout the value chain, particularly *via* the development of Amundi Services;
- to strengthen its positioning as a responsible investor that meets growing client expectations.

4.9 ANALYSIS OF AMUNDI PARENT COMPANY RESULTS

In 2018, the net banking income of Amundi (Parent company) was €482 million, versus €151 million in 2017, an increase of €331 million.

This is mainly comprised of:

- securities income of €551 million, of which €543 million in dividends received from Amundi subsidiaries;
- a write-down in the value of securities of its various portfolios for €65 million.

A rise in operating expenses from €15 million in 2017 to €22 million in 2018.

In view of these items, gross operating income totalled €460 million in 2018, down by €324 million compared to the 2017 financial year.

After recognition of "cost of risk" and "net gains (losses) on fixed assets", pre-tax income on ordinary activities was €460 million.

As part of its tax consolidation agreement (16 companies consolidated), Amundi recorded income, net of tax, of €28 million.

In total, Amundi's net income for the period was a profit of €488 million in 2018, compared with a profit of €137 million in 2017.

Amundi Parent company five-year results

Type of indicator	31/12/2014	31/12/2015	31/12/2016	31/12/2017	31/12/2018
Share capital at end of year *(in €)*	416,979,200	418,113,093	419,813,673	503,776,405	504,260,885
Shares issued	166,791,680	167,245,237	167,925,469	201,510,562	201,704,354
Operations and results for the year In € thousands					
Net revenues	278,983	505,675	333,048	150,895	481,789
EBITDA	269,250	484,742	304,215	135,802	459,973
Income tax charge	(53,138)	(23,558)	(5,078)	988	27,783
Earnings after tax, depreciation and provisions	216,112	461,179	299,126	136,779	487,745
Earnings distributed	243,516	342,754	443,306	503,601	584,943
Per share data *(in €)*					
Earnings after tax but before depreciation and provisions	1.30	2.76	1.78	0.68	2.42
Earnings after tax, depreciation and provisions	1.30	2.76	1.78	0.68	2.42
Dividends per share	1.46	2.05	2.20	2.50	2.90
Employees					
Average headcount	14	10	10	11	12
Payroll during the year *(in € thousands)*	1,814	2,287	745	1,754	3,390
Employee benefits and social contributions paid during the financial year (social charges and taxes) *(in € thousands)*	486	492	536	863	1,445

4.10 INFORMATION ON AGING OF ACCOUNTS PAYABLE

Article L. 441-6-1 of the French Commercial Code obliges any company producing audited annual financial statements to publish, in their management review, the balance of all customer and supplier receivables and payables by due date, as specified in Decree 3017-350 of 20 March 2017 (Article D. 441-4 of the French Commercial Code).

Past due invoices received or issued and unpaid at the closing date (Table pursuant to Article D. 441-4)

	Article D. 441 I.-1: Invoices received, past due and unpaid at the closing date.						**Article D. 441 I.-2: Invoices issued, past due and unpaid at the closing date.**					
In € thousands	**0 days**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total (1 day and over)**	**0 days**	**1 to 30 days**	**31 to 60 days**	**61 to 90 days**	**91 days and over**	**Total (1 day and over)**
(A) LATE PAYMENT TRANCHES												
Number of invoices						5						10
Total sum of invoices incl. VAT			1	20	43	63				58	6	65
Percentage of total purchases for the year			0.00%	0.07%	0.15%	0.23%						
Percentage of revenue for the year										0.05%	0.01%	0.05%
(B) INVOICES EXCLUDED FROM A FOR DISPUTED OR UNACCOUNTED PAYABLES AND RECEIVABLES												
Number of excluded invoices						0						
Amount of excluded invoices						0						
(C) BENCHMARK PAYMENT PERIODS												
Payment periods used to calculate late payment						> 30 days						> 30 days

NB: This information does not include banking transactions and related transactions that do not fall under the scope of information to be provided.