ANIMA Holding S.p.A.

Report on operations and Consolidated Financial Statements as at 31 December 2018

ANIMA

This Consolidated Financial Statements has been translated into the English language solely for the convenience of international readers.

ANIMA HOLDING SpA
MILAN – CORSO GARIBALDI, 99
TAX ID AND VAT REGISTRATION NO. 05942660969
REA MILAN NO. 1861215
SHARE CAPITAL €7.291.809,72 FULLY PAID UP

CORPORATE OFFICERS

BOARD OF DIRECTORS

CHAIRMAN
Livio Raimondi (independent)

CHIEF EXECUTIVE OFFICER
Marco Carreri

DIRECTORS
Vladimiro Ceci
Maria Patrizia Grieco (independent)
Guido Guzzetti (independent)
Karen Sylvie Nahum (independent)
Francesca Pasinelli (independent)
Francesco Valsecchi (independent)
Gianfranco Venuti

GENERAL MANAGER
Alessandro Melzi d'Eril

BOARD OF AUDITORS

CHAIRMAN
Mariella Tagliabue

STANDING AUDITORS
Tiziana Di Vincenzo
Antonio Taverna

AUDIT FIRM
Deloitte & Touche SpA

Consolidated report on operations

Shareholders,

We submit for your approval the consolidated financial statements of the Anima Group (the "Group"), the largest independent asset management operator in Italy.

The Group's Parent Company is Anima Holding SpA ("Anima Holding", "Parent Company" or "Issuer"), which has been attributed the management and strategic coordination role, listed on the electronic stock market (Mercato Telematico Azionario) organized and operated by Borsa Italiana SpA ("Borsa").
The year ended with a net profit of about €122,1 million.

The scope of consolidation at 31 December 2018 includes the following fully consolidated companies in addition to the Parent Company, Anima Holding:

- Anima SGR S.p.A. ("Anima SGR") – 100% direct control
- Anima Asset Management Ltd ("Anima AM Ltd") – 100% indirect control

At 31 December 2018 the Anima Group had more than €173 billion in assets under management.
The Anima Group is active in the formation, development, promotion and management of financial products under the Anima and Gestielle brands, as well as the provision of individual portfolio management services to retail and institutional customers.

In compliance with the provisions of Legislative Decree 38 of 28 February 2005, the Anima Group has prepared its consolidated financial statements in accordance with the IAS/IFRS and on the basis of "Instructions for the preparation of the financial statements of IFRS financial intermediaries other than banks" ("Instructions" issued by the Bank of Italy on 22 December 2017 in the exercise of its powers under Article 43 of Legislative Decree 136/2015.
On 1 January 2018 the following accounting standards came into force: "IFRS 9 – Financial instruments", which is applied in the classification and measurement of all financial instruments, and "IFRS 15 – Revenue from contracts with customers", whose entry into force involved the withdrawal of "IAS 18 –Revenue" and "IAS 11 – Construction contracts", in addition to any related interpretations ("IFRIC").
The adoption of the new standards gave rise to major changes in the representation of transactions, in the measurement of financial assets and liabilities and in the very structure of the financial statements.
The rules governing comparative information in the initial application of IFRS 9 allow entities not to restate comparative figures. The first financial statements prepared on the basis of the new standard shall contain a schedule disclosing the method used and providing a reconciliation with the information in the most recently approved financial statements.
Accordingly, in preparing this the consolidated financial statements at 31 December 2018, the Group has exercised the exemption option and prepared a reconciliation statement discussed in the "Notes to the financial statements – Part A - Accounting policies – General preparation principles – Section 1 Declaration of conformity with international accounting standards", to which readers are invited to refer.

GENERAL OPERATIONAL ENVIRONMENT

Macroeconomic conditions

The global macroeconomic environment in 2018 saw signs of a slowdown emerge, highlighted by the decline in a number of economic indicators and, in the second half of the year, by discouraging data on global growth. The current situation is characterized by the persistence of disruptive factors that are contributing in different ways to fuel potential risks. The accentuation of geo-political tensions, mainly related to the protectionist measures imposed by the United States and the countermeasures adopted by other countries, are slowing world trade and, with it, world growth. Rapprochement and reconciliation among major contenders (the US and China) resumed in the wake of the truce agreed during G20 meeting at the end of November 2018. A further factor of uncertainty is represented by the process of normalization of monetary policies by the main central banks. The uncertainty over Brexit developments also remains.

In the United States, growth was solid and broadly based, buoyed by a labor market characterized by rising employment and wages. Core inflation is around 2%. Over the course of 2018, the Fed raised its official rate target four times (one-quarter of a point in March, June, September and December), going from a range of 1,25%-1,50% to one of 2,25 %-2,50%, in line with plans for the progressive reduction of the monetary stimulus and a gradual rise in the Fed Funds rate. Greater moderation in future rate increases can be expected in 2019. In the euro area, GDP growth slowed and surveys have shown a decline in confidence. In the medium term, however, The ECB has confirmed that the fundamentals underlying consumption and investment remain sound, consistent with a generalized expansion of the economy and a gradual – albeit weaker than expected - increase in inflation. The ECB has maintained a prudent, persistent and moderate approach to the normalization of monetary policy, basing the measures to be taken on developments in growth and inflation. The beginning of the termination of unconventional measures with the official announcement of the end of quantitative easing and the cessation of the government securities purchase program followed a period of tapering, while rates are expected to remain at their current low levels until after the summer of 2019 or as long as necessary in order to nudge inflation towards the medium-term target.

In Italy, GDP estimates and confidence surveys signaled a slowdown in activity. The political scenario remains uncertain, reflecting considerations connected with the sustainability of cohabitation between the majority parties, fiscal discipline, funding the main measures in the Government's program, the consolidation of the budget and possible strains in institutional relations with the European Union. Vulnerabilities remain, however, such as the stock of non-performing bank loans and the challenges of undertaking a virtuous reform program and reducing the high level of public debt.

In France, the protests in opposition to the increase in fuel taxes, which then spread to encompass the economic policies of the French government in general, prompted President Macron to revise the budget for 2019: initial estimates of the impact of the new measures introduced could push the deficit/GDP ratio beyond the 3% limit.

In the United Kingdom, the Brexit process has experienced alternating periods of crisis and stalemate. The technical agreement with the EU on the treaty for the country's withdrawal from the Union was considered by many to be unsatisfactory. Repeated attempts by the May government to get Parliament to ratify the agreement have run up against fierce internal political opposition and an apparent closure to further negotiations by the EU.

In Japan, the most recent GDP estimate shows a contraction in activity, but the rising trend in investment underlying moderate growth continues. Inflation is increasing, but remains far from the Bank of Japan's target of 2%. The Japanese central bank confirmed its commitment to persistently continuing the monetary policy stimulus and controlling the yield curve.

The overall uncertainty surrounding the emerging markets is keeping the focus on developments in trade relations between China and the United States. Recent data confirm that Chinese economic activity and foreign trade has slowed. The authorities are adopting counter-cyclical measures to contrast the slowdown in growth.

In 2018 global equities performed poorly, posting a loss of about 10% in local currency terms. Bond indices also lost ground in 2018, with both the global government securities (in local currency terms) and corporate issues registering declines. Only euro-area government issues showed a slight gain, connected with the decline in rates in the last quarter of the year. In 2018, the euro weakened against the US dollar and the yen, while it strengthened slightly against the British pound.

After a positive start to the year for equity markets, a global correction was triggered in the first quarter of 2018. The protectionist declarations of US policy-makers, the tariffs consequently adopted by that country, the threat of an escalation of trade tensions between the United States and

China, together with expectations for the progressive normalization of monetary policy by the US Federal Reserve and the ECB, combined to erode investor confidence, sparking alternating periods of risk aversion and volatility across all asset classes. The encouraging figures for global growth and the outcome of the reporting season in the first quarter of 2018 then enabled stock markets in the spring to partially recoup the losses they had suffered, albeit with significant dispersion of performance between the different geographical areas: US equities posted gains, while stocks in Japan and Europe declined.
Until early autumn, global stock markets continued to register overall gains, essentially driven by the US market, which benefited from positive news on economic growth and corporate fundamentals, reaching new record highs. By contrast, Europe and Japan lost ground due to escalating geo-political risk and a strengthening exchange rate, respectively. The last quarter of 2018 was marked by major corrections in equity markets and a sharp increase in volatility, reflecting a gradual increase in fears of slower global growth. The increase in interest rates (in the United States) and the growing signs of the impact of trade tensions on macroeconomic conditions and corporate fundamentals helped worsen the sell-off. In Europe, the significant correction was attributable to the end of quantitative easing in Europe, corporate quarterly reports revealing difficulties in achieving performance targets and a more cautious outlook for the coming quarters. The poor performance of the equity markets in the developed countries mainly reflected the generalized decline in the financial sector and the commodities segment, the correction in technology stocks and the energy sector. The emerging countries also posted losses in this environment, with the decreases varying among the different geographical areas, as the strength of the US dollar and the tariff crisis contributed to the decline.
In bond markets, the yields of core government securities experienced significant downward pressure. The continuation of domestic political uncertainty before and after the elections caused the risk premiums and volatility of Italian government securities to rise, including at shorter maturities, causing the yield curve to flatten considerably over the last ten days of May. BTPs were repeatedly penalized by the growing investor focus on political risks. The yield on the 10-year BTP rose from a low in April (1.70%) to maximum in October (over 3.65%), while 10-year BTP/Bund spread widened from a low in April of around 113 basis points to more than 325 basis points in October and November, approaching the peak registered in 2013. After mid-November, BTPs showed some signs of recovery (with the BTP/Bund spread narrowing to less than 280 basis points and the 10-year BTP yield to around 3%) thanks to the more conciliatory position of the Italian government and the revision of the Budget Act agreed with the European Union. The risk-off registered over the course of 2018 led to a significant widening of spreads on corporate securities, generating widespread corrections in corporate markets and declines in both the investment grade and high-yield segments, with the largest losses incurred in subordinated securities, accompanied by a substantial reduction in liquidity on these markets.
On the foreign exchange front, 2018 saw a gradual appreciation in the US dollar and a matching depreciation of the euro, reflecting a more conciliatory-than-expected stance on the part of the ECB and the political turbulence seen in Italy and Spain. The yen and the Swiss franc appreciated significantly in their role as safe-haven currencies. Conversely, many emerging economy currencies experienced persistent weakness, penalized by the strength of the dollar and heightened political risk (especially in Argentina, Brazil and Turkey).
Commodity indices registered losses due to increased trade tensions, fears about the global growth and the impact of developments on the Chinese economy.
The forecasts for global macroeconomic developments and growth in 2019 take account of the approaching end of a long economic expansion. The uncertainty described at the start could weaken growth looking forward and adversely impact the risk appetite and confidence of investors. Moreover, the progressive elimination of the monetary easing removes a factor that has compressed volatility, making it very difficult to discern the direction of markets.

Asset management

In 2018, the asset management sector registered a sharp slowdown in funding due to a mix of factors, including (i) the volatility of financial markets, (ii) the volatility of Italian government securities, (iii) geopolitical events (Brexit, the trade war between the United States and China and the harsh attacks

of US president Trump on the Federal Reserve) and (iv) the rise in the cost of money implemented by the US central bank.
In Italy, preliminary data at the end of 2018 from Assogestioni show assets under management of €2,002 billion, a decrease of about €87 billion on the end of 2017 (€2,089 billion).
Of the total, €1,006 billion were invested in collective investment products (€1,062 billion at the end of 2017), and €996 billion in portfolio management products (€1,027 billion at the end of 2017).
The Assogestioni research department also reported positive net funding from the start of the year amounting to about €7.3 billion, a decrease of 92% on the €97.4 billion totaled in 2017.

CORPORATE GOVERNANCE AND REMUNERATION POLICIES

Corporate Governance

The organization of Anima Holding is based on a traditional model and complies with applicable regulations for listed issuers.
For a more detailed description of the governance system, please see the "Report on Corporate Governance and Ownership Structure" available on the Parent Company's website in the Governance section, which was prepared on the basis of the provisions of Article 123-bis of the Consolidated Law on Financial Intermediation, under which issuers are required to provide investors each year with a range of information specified in detail in the legislation on ownership structure, the adoption of a code of conduct in corporate governance as well as on the structure and operation of corporate bodies and the governance practices actually adopted.

Shareholders

As at the date of the approval of the consolidated financial statements by the Board of Directors, shareholders with major interests in Anima Holding, as determined on the basis of the notifications made pursuant to Article 120 of Legislative Decree 58/98 and other available information, are as follows: Banco BPM S.p.A. ("Banco BPM") with 14.27%, Poste Italiane S.p.A. ("Poste Italiane" or "Poste") with 10.04%, Wellington Management Group LLP with 6.46%, River and Mercantile Asset Management LLP with 5.05%, Aviva Global Investor Services Limited with 4.74% and Norges Bank with 3.03%.

Shareholders' agreements

On 9 November 2017, Banco BPM and Anima Holding had signed, inter alia: (i) a share purchase agreement concerning the sale of 100% of the capital of Aletti Gestielle SGR S.p.A. ("Gestielle SGR") to Anima Holding; and (ii) a framework partnership agreement for the distribution, by the Banco BPM Group, of units in collective investment undertakings (CIUs), asset management products, and units in pension funds of the Anima Group ("Final Agreements"). The Final Agreements contain a number of shareholders' agreements relating to Anima Holding involving a voting agreement and a pact that limits the transfer of financial instruments, relevant pursuant to Art. 122, paragraph 1 and paragraph 5, letter b) of the Consolidated Law on Financial Intermediation.
Anima Holding and Banco BPM have undertaken to evaluate, in a constructive spirit and in good faith, amendments to the current Bylaws of the Parent Company to foster greater proportionality and representation of the main shareholders on the Board, while respecting minority rights and, where permitted, a closer alignment of the number of independent directors to be appointed to the Board of Directors with the provisions of the Corporate Governance Code for listed companies. This agreement was to expire at the end of 2018 but was extended to 30 April 2019 and, in any case, to the date of the Shareholders' Meeting called to approve the financial statements at 31 December 2018 of the Parent Company.
Furthermore, subject (i) to the adoption by Anima Holding of language in the Bylaws incorporating the amendments agreed between the parties and (ii) no subsequent amendment of the clauses agreed between the parties in the Bylaws, Banco BPM undertook until 30 June 2020 not to transfer and/or sell to third parties (and to ensure that there is no transfer and/or sale to third parties), other than companies of the Banco BPM Group, directly or indirectly and in any capacity , a number of

shares equal to the lesser of (a) 30,782,988 (corresponding to a 9.99% interest in Anima Holding at 20 July 2017) and (b) the number of shares held by the Banco BPM Group on the date Anima Holding adopts the language of the Bylaws incorporating the amendments envisaged to the Bylaws.
For more details, please see to the “Report on corporate governance and ownership structure” and the “Essential information pursuant to Article 122 of Legislative Decree 58 of 24 February 1998 (the Consolidated Law on Financial Intermediation) and Article 130 of Consob Regulation no. 11971 of 14 May 1999 (the Issuers Regulation) regarding agreements containing certain shareholders' agreements relating to ordinary shares of Anima Holding S.p.A.” available on the Parent Company’s website.

Organizational structure of Anima Holding

- The organizational model of the Parent Company provides for the following corporate bodies:
- Shareholders’ Meeting;
- Board of Directors
- Chairman;
- Chief Executive Officer;
- General Manager;
- Board of Auditors;
- Control and Risks Committee;
- Appointments and Remuneration Committee;
- Committee for Related-Party Transactions.
- Financial Reporting Officer pursuant to Article 154-bis of the Consolidated Law on Financial Intermediation;
- Supervisory Body pursuant to Legislative Decree 231/2001.

Changes at Anima Holding

On 14 March 2018, Mr. Claudio Bombonato resigned for personal reasons from the position of Chairman of the Board of Directors of Anima Holding and from the other positions held with the Group.
Subsequently, on 16 March 2018, the Board of Directors of Anima Holding appointed Mr. Livio Raimondi as director, acting on a proposal of the Appointments and Remuneration Committee, appointing him to the position of Chairman of the Board of Directors and, on 21 June 2018, the Ordinary Shareholders' Meeting of Anima Holding confirmed the appointments. Mr. Raimondi meets the independence requirements as defined in applicable legislation.
On 9 November 2018, following the resignation of Mr. Antonio Colombi as director, the Board of Directors of the Parent Company appointed Mr. Vladimiro Ceci; the appointment was confirmed by the Shareholders’ Meeting on 21 December 2018.

Remuneration policies

The governance of remuneration holds a key position in the European and national regulatory and supervisory framework. In the asset management industry, since 2011 with the approval of the Alternative Investment Fund Managers Directive (AIFMD), European law introduced harmonized rules governing remuneration and incentive policies and practices for AIF managers. This regulation was developed further in 2014 with the provisions of the UCITS V Directive (Directive 2014/91/EU) applicable to the management companies of undertakings for collective investment in transferable securities (UCITS).
These European rules on remuneration were subsequently transposed at the national level with amendments to the joint Regulation of the Bank of Italy and Consob of 29 October 2007 (as amended), issued pursuant to Art. 6, paragraph 2-bis, of the Consolidated Law on Financial Intermediation. Among other things, these amendments introduced uniform and comprehensive rules governing remuneration and incentive policies and practices for the asset management sector, ensuring a homogeneous framework of rules for UCITS and AIF managers.

In order to ensure compliance with this legislation, on 30 June 2017, the ordinary shareholders' meeting of the subsidiary Anima SGR approved, as from 1 July 2017, its Remuneration and Incentive Policy", inspired by the following principles:

- equity: the remuneration and incentive policy must be consistent with the position held, the duties assigned and the skills demonstrated;
- market consistency: the level of total remuneration must be in line with that in the relevant market for similar positions and skills;
- meritocracy: the structure of the remuneration and incentive system must be designed to reward not only results obtained but also the conduct followed in achieving those results. Any activity must always be guided by constant compliance with internal and external rules and careful assessment of risks;
- prevention of conflicts of interest: the remuneration and incentive policy must be designed to prevent the emergence of actual or potential conflicts of interest among all stakeholders.

The Remuneration Policy defines the role of the corporate bodies and company functions in the governance of remuneration and incentive policies, the process of determining and controlling those polices and the principles and standards on which the overall remuneration and incentive system of Anima SGR is based, which are aimed at promoting the sound and effective management of business risks and individual products, ensuring consistency with the performance and the financial position of the Company and the portfolios under management.

Furthermore, a Remuneration Committee will be established and the individuals to whom the policies apply have been identified. In particular, the individuals whose professional activities have or can have a significant impact on the risk profile of the subsidiary Anima SGR or of the fund under management, to which specific rules apply, have been identified ("Relevant Employees").

The Remuneration Rules detailed a number of operational procedures. Specifically, they provide for:

- the assessment of achievement of the targets for Personnel;
- the identification of the exceptional circumstances in which the Remuneration Committee may propose exceptions to the Board of Directors concerning ceilings on the proportion of variable remuneration with respect to fixed remuneration;
- the operational procedures for the application of the rules governing pay mix, deferral and lock-up periods and "malus" clauses.

In 2018 the Board of Directors of Anima SGR periodically reviewed the Remuneration Policy, amending the policy to reflect changes in the Company's organizational structure.

Other changes were made to the document in the light of the outcome of the initial application of the principles it contains, helping to refine governance mechanisms. The Remuneration Policy was most recently approved by the Shareholders' Meeting of Anima SGR on 21 December 2018, with effect from 1 December 2018.

SIGNIFICANT EVENTS FOR ANIMA GROUP

The following significant events occurred in 2018.

On 21 March 2018, the Board of Directors of the Parent Company approved the terms and conditions of the planned capital increase, and determined the calendar for the offering of ordinary shares in pre-emption to the eligible shareholders, exercising the delegated authority granted pursuant to Article 2443 of the Civil Code by the Extraordinary Shareholders' Meeting of 15 December 2017 to carry out a divisible capital increase for consideration in one or more installments by 30 June 2018, in the maximum total amount of €300 million, inclusive of any share premium (the "Capital Increase").

The Capital Increase was executed with the issue of ordinary shares of Anima Holding (the "New Shares"), with no par value, bearing the same rights and having the same characteristics as the shares of the Parent Company already traded on the *Mercato Telematico Azionario* organized and operated

by Borsa Italiana SpA ("Borsa Italiana"), offered in pre-emption to eligible shareholders in proportion to the shares held pursuant to Article 2441, paragraph 1, of the Civil Code (the "Pre-Emption Offer").
More specifically, in execution of the Capital Increase, the Board of Directors resolved to issue a maximum of 71,898,869 New Shares offered in pre-emption to the eligible shareholders of Anima Holding in the ratio of 7 New Shares for every 30 shares held at a subscription price of €4.17 for each New Share (of which €0.019 as capital and €4.151 as share premium).
The total value of the Pre-Emption Offer was therefore equal to a maximum of €299,818,284 (of which a maximum of €1,366,079 as capital and a maximum of €298,452,205 as share premium).
Also on 21 March 2018:

i) the underwriting contract (the "Underwriting Contract") associated with the Capital Increase was signed by the Issuer and Mediobanca - Banca di Credito Finanziario SpA, Merrill Lynch International, Banca Akros SpA and MPS Capital Services Banca per le Imprese SpA, who acted as joint global coordinators and joint bookrunners (the "Underwriters"). The signing of the underwriting contract qualifies as a transaction of lesser importance pursuant to the Procedure for Related-Party Transactions of Anima Holding because it involves the participation of Banca Akros (whose controlling shareholder Banco BPM holds a 14.27% stake in the Company) in the underwriter syndicate (together with the other underwriters). In this regard, the Committee for Related-Party Transactions issued a favorable opinion on the signing of the Underwriting Contract.
ii) ii) Banco BPM – the holder of ordinary shares of Anima Holding equal to 14.27% of share capital - made an irrevocable commitment, in implementation of the provisions of the Gestielle SGR Acquisition Contract, to exercise all the pre-emption rights attributable to its interest;
iii) Poste Italiane – the holder of ordinary shares of Anima Holding equal to 10.04% of share capital - made an irrevocable commitment to exercise all the pre-emption rights attributable to its interest;
iv) Mr. Marco Carreri, Mr. Alessandro Melzi D'Eril, Mr. Pierluigi Giverso and Mr. Filippo di Naro, respectively Chief Executive Officer, General Manager and key managers of Anima Holding (holders of ordinary shares equal to 0.51% of share capital) made an irrevocable commitment to exercise all the pre-emption rights attributable to them.

On 22 March 2018, the *Commissione Nazionale per le Società e la Borsa* ("Consob") approved the prospectus (the "Prospectus") for the Pre-emption Offer and the admission to trading on the *Mercato Telematico Azionario*, organized and operated by Borsa Italiana, of the ordinary shares of Anima Holding connected with the capital increase in pre-emption.
On 23 March 2018, the Prospectus was filed with Consob and made available at the Issuer's registered office in Milan, Corso Garibaldi, no. 99, on the website www.animaholding.it and on the Borsa Italiana website.
On 20 April 2018, the Pre-Emption Offer of 71,898,869 New Shares of Anima Holding was completed.
More specifically, during the period of the Pre-Emption Offer (26 March 2018 - 12 April 2018, or the "Pre-Emption Period"), following the exercise of 305,152,230 pre-emption rights (the "Pre-Emption Rights"), 71,202,187 New Shares were subscribed, with a total value of €296,913,120.
In accordance with Article 2441, paragraph 3,of the Civil Code, the 2,985,780 Pre-Emption Rights that were not exercised during the Pre-Emption Period were offered on the *Mercato Telematico Azionario* organized and operated by Borsa Italiana through Banca Akros SpA (the "Stock Exchange Offer"), and were sold in full during the first session of 17 April 2018.
Following the closing of the Stock Exchange Offer, an additional 696,682 New Shares (with a total value of €2,905.164) were subscribed, of which 7 shares (in respect of 30 remaining Pre-Emption Rights that were unsubscribed due to rounding) with a value of about €29 were subscribed on behalf of the underwriter syndicate.
In compliance with the provisions of Article 2444 of the Civil Code, the certification of the full subscription of the capital increase, with an indication of the new share capital (equal to €7,291,809.72 represented by 380,036,892 ordinary shares with no par value), was filed with the Company Register of Milan on 3 May 2018, together with the new text of the Articles of Association.

Note also that, on 16 April 2018, at the end of the Pre-Emption Period following the exercise of the Pre-Emption Rights and as provided for in the loan agreement, the Parent Company used the amount raised to fully repay the Bridge Loan – Tranche A in the amount of €250 million. In addition the Bridge Loan – Tranche B was voluntarily canceled (in the amount of €50 million).

On 21 June 2018, the Shareholders' Meeting of the Parent Company approved the 2018-2020 Long Term Incentive Plan for the top and senior management of the Anima Group (the "Plan" or "LTIP").
The Plan is based on the financial instruments issued by Anima Holding SpA, to be granted free of charge to employees of the Company and the subsidiaries who perform key functions and roles within the Group.
The Plan is intended to guide the performance of those who, within the Anima Group, exercise operational functions to achieve the corporate objectives and strategies and to strengthen the loyalty of Group management and the capacity of the Group to attract talent.
The Plan provides for the granting free of charge of instruments ("Units") that will give the Beneficiaries the right to receive newly issued bonus ordinary shares of Anima Holding from the capital increase referred to above. Exercise of the Units will be subordinate to achievement of specified performance objectives that will be calculated for the three three-year periods over which the Plan will be implemented.
The documentation concerning the Plan has been made available to the public in accordance with applicable law.
For a complete description of the Plan, please see the "Notes to the financial statements – Accounting policies – A.1 General information – Section 4 Other issues - LTIP" of the consolidated financial statements at 31 December 2018.

On 29 June 2018, after obtaining the necessary regulatory authorizations, Anima SGR completed the purchase from Banca Aletti & C. SpA ("Banca Aletti") of contracts for the delegated management of insurance assets of the insurance operations of Popolare Vita S.p.A. The Lawrence Life Assurance Company DAC, Avipop Assicurazioni S.p.A. and Avipop Vita S.p.A.
The purchase implemented the agreement signed on 7 February 2018 by Banco BPM and Anima Holding, with the subsequent participation of Banca Aletti and Anima SGR, as part of a broader operation involving the Banco BPM Group and the Anima Group (see the press release of 4 August 2017) aimed at expanding the scope of the 20-year partnership, to be implemented with the assignment to Anima SGR of contracts for the management of insurance assets distributed through the Banco BPM Group network.
The price paid by Anima SGR amounted to €138.6 million and was determined on the basis of the assets transferred, equal to about €9.4 billion. The effective date of the sale was 29 June 2018, with the consequent start of management activities by Anima SGR on 1 July 2018. The amount paid is subject to a price adjustment mechanisms and *earn-in/earn-out clauses*. For more details please see Chapter XXII, Section 22.6.4 of the Prospectus.
In order to finalize this acquisition and provide Anima SGR with the necessary financial resources to ensure that its own funds continued to meet the supervisory requirements established by the Bank of Italy, on 28 June 2018 the Parent Company transferred a grant of €90 million to Anima SGR.
The payment was made using the residual part of the long-term credit line granted under the loan agreement signed on 9 November2017 (Term Loan -Tranche B) in the amount of €90 million. For more details, see the "Notes to the financial statements - Part B - Liabilities - Section 1 Financial liabilities measured at amortized cost" of the consolidated financial statements at 31 December 2018.
In addition, please note:

- the joint press release issued by Anima Holding and Banco BPM on 7 February 2018 "Anima – Banco BPM agreement for the transfer of the management of insurance assets";
- the publication of the Information Document on 14 February 2018, accompanied by (i) the opinion issued by the Committee for Related-Party Transactions, (ii) the fairness opinion on the price set in the transaction issued by the independent expert of the Committee for

Related-Party Transactions (Equita Sim SpA) on 6 February 2018 and (iii) the fairness opinion issued by Bank of America Merrill Lynch and Mediobanca on 7 February 2018;
- the press release of 29 June 2018 announcing the completion of the purchase from Banca Aletti SpA of the contracts for the delegated management of insurance assets by Anima SGR.

In June 2018, the Parent Company, in accordance with the contractual provisions, paid Banco BPM the deferred price for the acquisition of Gestielle in the amount of about €113.7 million (deriving from the distribution by SGR of the excess capital provided for in the contract and the dividend for 2017 – both not pertaining to the Group).

On 25 September 2018 Mr. Davide Sosio, formerly General Manager of Anima AM Ltd, was appointed, effective from 1 October 2018, Group CFO and HR Director, directly reporting to Mr. Alessandro Melzi d'Eril, General Manager of the Parent Company (see the press release of 25 September 2018).

Effective 1 October 2018, the administrative body of Monte Sicav, a variable capital investment company incorporated in Luxembourg, appointed Anima SGR as its management company, replacing Anima AM Ltd.

On 1 November 2018 the partial demerger of a business unit ("Demerged Business") of BancoPosta Fondi S.p.A. SGR (hereinafter also "BPF"), a subsidiary of Poste Italiane, in favor of Anima SGR took effect, with the assignment to the latter of the assets, liabilities and legal relationships connected with the management of government assets underlying the life insurance activities carried out on behalf of Poste Vita SpA by BancoPosta Fondi SGR.
As a result of the demerger, Poste received a number of Anima SGR shares issued to service the acquisition of the Demerged Business, which were simultaneously purchased by Anima Holding for €120 million paid in cash and financed through the use of the Additional Term credit line, granted by the lender banks to the Parent Company on 5 March 2018 with the signing of an agreement ("Amendment Agreement") amending the original loan agreement of 9 November 2017.
The transaction, authorized by the Bank of Italy on 11 July 2018 with resolution no. 349/2018, took place in implementation of the final agreements signed on 6 March 2018 between Poste Italiane and Anima Holding, as well as Poste Vita, BPF and Anima SGR for the matters concerning them, in accordance with the terms and conditions announced in the Memorandum of Understanding between Poste and Anima Holding on 21 December 2017 ("Poste Italiane MoU").
The agreements signed on 6 March 2018 envisaged, among other things, as an essential and integral part of the demerger, the signing of a 15-year "Operating Agreement" between the Anima Group and Poste Italiane.
In addition, please note:
- the joint press release "Poste Italiane and Anima Holding sign the definitive agreements for the strengthening of the partnership in the asset management business" of 6 March 2018;
- the publication, on 13 March 2018, of the updated Information Document of 27 December 2017, accompanied by the opinion issued by the Committee for Related-Party Transactions and the fairness opinion issued by the independent engaged by the Committee for Related-Party Transactions and by Bank of America Merrill Lynch and Mediobanca Banca di Credito Finanziario;
- the publication, on 9 March 2018, of the Information Document on transactions with related parties of greater importance prepared by the Parent Company and accompanied by the opinion issued by the Committee for Related-Party Transactions.

Following the demerger operation described above, Anima SGR opened a local unit in Rome, at Viale Beethoven 11.
For more on the accounting treatment of the acquisition of the Demerged Business, please see the Notes to the financial statements – "Part A - Accounting policies - Other information – Business combinations – Transactions carried out during the year" of the consolidated financial statements at 31 December 2018.

On 1 December 2018, the merger of Gestielle SGR into Anima SGR took legal effect, in execution of the extraordinary shareholders' meeting resolutions of 13 September 2018 of both companies involved.
The merger, authorized by the Bank of Italy with a measure issued on 5 September 2018, had retrospective accounting and tax effect from 1 January 2018.
The merger was implemented in accordance with the methods indicated in the related merger plan and, in particular, involved the cancellation, without exchange, of the shares representing the entire capital of the merged companies and without any increase in the capital of the surviving company, as the share capital of Anima SGR and Gestielle SGR were wholly and directly owned by the same shareholder, Anima Holding.
For the more on the accounting treatment of the transaction, see the Notes to the financial statements – "Part A – Accounting policies – A.1 General information – Section 5 – Scope and method of consolidation" of the consolidated financial statements at 31 December 2018.

On 21 December 2018, the Extraordinary Shareholders' Meeting of the Parent Company approved the authorization for the purchase and disposal of treasury shares pursuant to Art. 2357 and 2357-ter, of the Civil Code and Art. 132 of the Consolidated Law on Financial Intermediation. For more details, see the section "Other information – Purchase of treasury shares and shares of the Parent Company" of this report on operations.

TRANSACTIONS WITH RELATED PARTIES

Procedure for Related-Party Transactions

The Company, in compliance with applicable regulations, has adopted a Procedure for Related-Party Transactions.

The Procedure, in implementation of the Consob regulation on related parties (Resolution no. 17221 of 12 March 2010 as amended), ensures the transparency and the substantive and procedural fairness of transactions with related parties carried out directly or through subsidiaries. More specifically, it governs the following aspects:

- the role and duties of the Committee for Related-Party Transactions;
- the identification of related parties;
- the identification of related-party transactions;
- the process of assessing, approving and reporting to corporate bodies of transactions with related parties;
- market disclosure of transactions with related parties.

The Procedure is available on the website of Anima Holding at www.animaholding.it, Investor Relations – Corporate Governance section.

Transactions of greater importance

- As described above, on 7 February 2018 Banco BPM and Anima Holding announced that they had reached an agreement, with the subsequent participation of Banca Aletti and Anima SGR, providing for the transfer by Banca Aletti to Anima SGR of management contracts for assets from the insurance operations of Popolare Vita SpA, The Lawrence Life Assurance Company DAC, Avipop Assicurazioni SpA and Avipop Vita SpA.
  The main terms and conditions of the agreement were described in the press release of 7 February 2018, which readers are invited to consult.
  For Anima Holding, the transaction qualified as a related-party transaction of greater importance (given that Banco BPM held, at the signing date, 14.27% of the share capital of Anima Holding), and pursuant to the applicable laws and regulations was approved by the Board of Directors of Anima Holding, subject to the prior issue of a favorable opinion by the Committee for Related-Party Transactions.
  On 14 February 2018, Anima Holding published, in compliance with the applicable regulations, the Information Document for the agreement as required under the provisions of Article 5, paragraph 1, of Consob Regulation 17221/2010.
- On 5 March 2018 the lender banks and Anima Holding signed an agreement to amend the original loan agreement concerning the granting of an additional term credit line with a maximum total amount of €120 million to the Company.
  That credit line was subsequently drawn down in full by the Parent Company to finance the transaction with Poste involving the Demerged Business described above.
  For Anima Holding, the transaction qualified as a related-party transaction of greater importance (given that Banco BPM held, at the signing date of the Amendment Agreement, 14.27% of the share capital of Anima Holding), and pursuant to the applicable laws and regulations was approved by the Board of Directors of Anima Holding, subject to the prior issue of a favorable opinion by the Committee for Related-Party Transactions.
  On 9 March 2018, Anima Holding published, in compliance with the applicable regulations, the Information Document for the Amendment Agreement as required under the provisions of Article 5, paragraph 1, of Consob Regulation 17221/2010.
- On 6 March 2018, Poste Italiane and Anima Holding, as well as Poste Vita, BancoPosta Fondi and Anima SGR, to the extent of their involvement, signed the implementing agreements for the strengthening of their asset management partnership in accordance with the terms and conditions announced on 21 December 2017. The main terms and conditions of the agreements were discussed in the press release published on 6 March 2018, which readers are invited to consult.

For Anima Holding, the transaction qualified as a related-party transaction of greater importance (given that Poste Italiane held, at the signing date of the agreements, 10.04% of the share capital of Anima Holding), , and pursuant to the applicable laws and regulations was approved by the Board of Directors of Anima Holding, subject to the prior issue of a favorable opinion by the Committee for Related-Party Transactions. On 13 March 2018, Anima Holding published, in compliance with the applicable regulations, the Information Document for the agreements as required under the provisions of Article 5, paragraph 1, of Consob Regulation 17221/2010.

Transactions of lesser importance
The signing of the underwriting contract for the capital increase qualifies as a transaction of lesser importance pursuant to the Procedure for Related-Party Transactions of the Company because it involved the participation of Banca Akros SpA (whose controlling shareholder Banco BPM holds a 14.27% stake in the Company) in the underwriter syndicate (together with the other underwriters). In this regard, on 21 March 2018 the Committee for Related-Party Transactions issued a favorable opinion on the signing of the Underwriting Contract subject to verification of the existence of an interest for the Company to carry out the transaction as well as benefits and substantive fairness of the associated terms and conditions.

Other significant transactions
With regard to paragraph 8 of Article 5 of the Consob regulation concerning the periodic reporting of transactions with related parties, during the period no other transactions of “greater importance” or “lesser importance” were carried out with related parties.
No atypical or unusual transactions were carried out.

Ordinary or recurring transactions
During the period under review, the Group carried out transactions, settled on terms and conditions in line with market standards, with the parties identified by the procedures approved by Anima Holding.
Transactions with related partly mainly regard commercial activities supporting the distribution of the products managed by the Group, current account deposits for the management of the Group’s liquidity and the loan with the Parent Company and the associated IRS derivative, as well as the remuneration paid to the members of the Board of Directors of the company originating in Banco BPM and Poste.
For more details on the transactions with related parties carried out during the year, please see “Part D – Other information - Section 6 – Transactions with Related Parties” of the notes the consolidated financial statements at 31 December 2018.

MAIN RISKS AND UNCERTAINTIES

Main enterprise risks
The performance of the Anima Group depends on numerous factors, in particular the performance of the financial products we manage, the ability to offer products that meet the varied investment needs of customers and the capacity to maintain and develop our own customer base and that of the distribution networks through which the Anima Group operates, including through the constant and careful delivery of advisory and assistance services directly to customers and to the units of the distribution networks.
The failure to maintain the quality of our operational management, i.e. the inability to apply that management successfully to new initiatives, could have an adverse impact on the Anima Group’s ability to maintain, consolidate and expand its customer base and that of the distribution networks that it uses.

The income generated by fund management operations is primarily represented by management and performance fees (where contractually provided), which account for the majority of the Group's revenue.
Management and performance fees are connected with the market value of assets under management and the results of product management. More specifically, management fees are calculated periodically as a percentage of the assets of an individual product. Any decline in that value, whether due to adverse developments in the financial markets or to net redemptions of funds, could cause those fees to decrease. Performance fees, on the other hand, are charged to the fund and paid to the management company when the return of the fund in a given period exceeds the performance of a benchmark index, a predetermined value or a target return. For some funds, performance fees are due to the management company if the value of fund units increases above its highest previous level. Accordingly, earning performance fees, and the amount of those fees, is a naturally volatile event, sharply affected by the returns earned by funds and other managed products, which is in turn impacted not only by the quality of the funds' managers but also by developments in markets and, more generally, the national and international economy.
Our image and reputation are a major strength of the Group. A negative perception of the Group's image on the market by customers, counterparties, shareholders, investors or supervisory authorities, engendered for example by the loss of key personnel, by a decline in the performance of our products compared with benchmarks or with our competitors, by the violation on the part of portfolio managers of sector regulations, by the opening of legal, tax or arbitration proceedings against the Group companies, regardless of whether those claims are justified, or by the application of penalties by the supervisory authorities could significantly harm the image and reputation that the Group enjoys in the industry. More generally, it could undermine the confidence shown in the Group by its customers and third-party distribution networks, with a potential negative impact on the Group's growth prospects and on its revenue and operating performance.
In addition, asset management is governed by a substantial and evolving body of regulations. The regulatory authorities in each country that oversees the Group's operations include, for Italy, Consob, the Bank of Italy, the Financial Intelligence Unit and Covip for Italy and the equivalent authorities in the other countries in which the Group's foreign companies operate. Such an extensive and far-reaching regulatory environment makes organizational controls and control systems to manage compliance risk particularly important.
<u>Group organization</u>
In accordance with applicable legislation and the content of the Group Regulation, Anima Holding, as Parent Company, exercises management and coordination over the Anima Group companies and provides governance and policy-setting for the Group concerning:

- general planning and strategic policies;
- analysis of the competitive environment and identification of internal and external areas for growth to improve the Group's market position;
- extraordinary operations and transactions of greater importance from a strategic, performance, capital and financial standpoint;
- assessment of the Group's organizational, administrative and accounting structure, with focus on the internal control and risk management system;
- corporate governance policies;
- Anima Group compensation and incentive policies;
- financial management;
- legal affairs and corporate services;
- strategic marketing and planning;
- media relations (encompassing relations with external consulting firms, arrangement of press conferences and interviews, etc.).

The subsidiaries are exclusively responsible for providing asset management and investment services and carrying out other activities relating to the product offering and customer service for the Group.
Under the Group's organizational structure, operational activities are almost fully concentrated within the subsidiaries.

Internal control system

The Parent Company and Anima SGR have in place Internal Control and Risk Management Systems ("ICRMS").

The respective ICRMSs comply, in so far as it is within the scope of their responsibilities, with applicable legislation and the recommendations of the Corporate Governance Code. The ICRMSs are designed to continually protect against the usual risks associated with the Group's business and to ensure proper financial disclosure and adequate oversight of all the Group's activities, guaranteeing the reliability of accounting and management data, ensuring compliance with laws and regulations, and safeguarding business integrity, in part to prevent fraud and harm to the Group companies and the financial markets.

The ICRMSs adopted are proportional to the nature and seriousness of the risks (risk-based approach), and to the size and operational features of each company.

There ICRMSs are structured along three levels of control:

- **first level of control (or line risks),** which represents risk management in its purest form and is designed to ensure that transactions are carried out correctly in the context of business processes. Controls are performed by the heads of the operational management functions;
- **second level of control,** which is designed ensure an adequate assessment of the risks to which each company is exposed in the course of business. More specifically, for Anima Holding these controls are carried out by (i) the Compliance function with regard to risks of non-compliance with anti-money laundering, market abuse and conflict of interest legislation; (ii) the Internal Audit function, which is responsible for overseeing the administrative and accounting procedures established in accordance with Law 262/05; (iii) the Strategic Risks function responsible for managing and monitoring the strategic risks to which the Group is exposed; and (iv) the Strategic Planning function for risks connected with Group performance, both current and future.

  For Anima SGR, the various kinds of risk are managed by the organizational units with expertise in the relevant areas. The second-level control functions are (i) the Compliance function, which manages compliance risk, (ii) the Risk Management function, which monitors and manages enterprises risks and those associated with the portfolios managed, (iii) the Anti-Money Laundering function to ensure compliance with money laundering regulations; and (iv) the Management Control and Outsourcer function to ensure the proper operation of mechanisms governing outsourced services;
- **third level of control**, which is for assessing the completeness, functionality and adequacy of the ICS in relation to the nature and seriousness of the risk and business needs as a whole. These controls are performed by the Internal Audit function.

The position within the organizational structure and reporting hierarchy of the second- and third-level control structures guarantee their independence from the operational management functions.

In order to ensure that the system functions correctly, the Group has adopted internal rules, measuring methods and control mechanisms formally described in specific company procedures.

The following corporate bodies and functions are responsible for ensuring the functioning and assessing the adequacy of the ICRMS:

Anima Holding	Anima SGR
• Board of Directors; • Board of Auditors; • Director responsible for the ICRMS; • Control and Risks Committee; • Head of the Internal Audit function; • Head of the Compliance function; • Officer responsible for the preparation of the financial reports pursuant to Article 154-bis of the Consolidated Law on Financial Intermediation; • Supervisory Body pursuant to Legislative Decree 231/2001.	• Board of Directors; • CEO/General Manager; • Board of Auditors; • "Business" functions; • Second-level control functions (such as Compliance, Anti-Money Laundering, Risk Management, Outsourcer Monitoring) and third-level functions (such as Internal Audit); • Compliance Planning and Controls Committee; • Committee of Independent Directors for Managing Conflicts of Interest • Supervisory Body pursuant to Legislative Decree 231/2001.

During 2018, as part of the review of the organizational structure in place since 1 October 2018, the Board of Directors of the Parent Company established the following corporate units in order to strengthen the management of the strategic, operational and financial risks to which the Group is exposed: i) a Finance & HR department (headed by the newly appointed Group CFO & HR Director), reporting directly to the CEO and ii) a "Strategic Risks" function (within the "Planning & M&A" division, which reports to the Group CFO & HR Director), in charge of managing and monitoring the Group's strategic risks.
The ICRMSs adopted by the various Group companies in their operations share the goals of identifying, measuring and managing the main business risks.
In general the scope of the risks identified and protected against include: (i) risks that pertain to normal business processes ("enterprise risks"), (ii) those regarding the investment processes followed for collectively or individually managed assets ("managed-portfolios risk") and (iii) risks associated with financial disclosures (Article 123-bis, paragraph 2, letter b) of the Consolidated Law on Financial Intermediation).
An enterprise risk is the risk of there being a negative impact on the performance and capital and financial position of each Group company (which, taken to the extreme, poses a threat to business continuity). In accordance with this definition and taking account of the Groups operations, the following types of enterprise risk have been identified:

- **Operational risk**: the risk of harm to the performance and capital and financial position of the Group resulting from the occurrence of an event of an operational nature (management of human resources, processes, technology and external events). These include risks arising from the handling of complaints and legal risks.
  A list of detected risks, each associated with the functions that participate in the processes that generate such risks, is drawn up and updated at least once a year to take account of significant internal and external changes.
  Operational risk events that occur in the course of Anima SGR's daily operations are identified and recorded. Information recorded includes the amount of the operating loss for the period and any recoveries of previous operating losses. A risk assessment is performed each year to pinpoint situations requiring mitigation. The assessment takes account of the judgment of the heads of the processes from which the risks arise, the analysis of the control functions and, for operational risks only, operating losses incurred.
  The Group has also adopted a Disaster Recovery and Business Continuity Plan for IT services, designed to ensure service continuity and the conservation, security and integrity of corporate data.

- **Reputational risk**: the risk of harm to the performance and capital and financial position of the Group arising from damage to the Group's reputation with respect to third parties.
  Operational and reputational risks are identified by analyzing business processes, which includes discussions with the heads of the processes.
- **Strategic risk**: the risk of harm to the performance and capital and financial position of the Group as a result of the erroneous definition of business strategies or their incorrect implementation. Strategic risk is dependent upon the compatibility between the Group's strategic objectives, the external environment, the planned strategies for achieving the strategic objectives, the resources dedicated for this purpose and the quality of the implementation of the strategies defined.
  The mapping of strategic risks is conducted in concomitance with the preparation of the Long-Term Strategic Plan and is updated annually on the occasion of the preparation of the budget for the year. It may also be reviewed in response to significant changes in the internal and/or external environment (such as, for example, developments in the market, the regulatory framework, the business model, the product range and corporate governance). A list of detected risks, each associated with the functions that participate in the processes that generate such risks, is drawn up and updated at least once a year to take account of significant internal and external changes. The analysis and assessment of the mapped risks is intended to define actions and projects to strengthen or consolidate the company's competitive position and mitigate the risk of losses or of a decline in its economic value in relation to the main risk factors identified. Monitoring strategic risk mitigation actions is an essential component of the management control that enables top management and the Board of Directors of Anima Holding to ascertain the extent to which objectives and projects have been achieved or implemented and to decide any corrective actions.
- **Financial risk**: the risk of harm to the performance and capital and financial position of the Group as a result of losses to financial instruments and other assets in which the Group's portfolio is invested.
  The financial risks of the Group's proprietary portfolio (essentially price risk, interest rate risk, credit risk, exchange risk, counterparty risk and liquidity risk) are managed by setting and monitoring operational limits on the risk that the portfolio of each company can assume. These limits are expressed in terms of the type of permitted investment and ceilings on the Value at Risk (VaR) allowed.
- **Risks associated with guarantees provided for pension funds**: the risk of harm to the performance and capital and financial position of the Group as a result of losses associated with reimbursements made to participants in the pension funds managed by Anima SGR, for which it made guarantees to either reimburse the capital invested or pay a minimum return.
  The risks associated with the commitments assumed to reimburse the capital invested in pension funds managed are estimated in accordance with the fund policy, which follows applicable legislation. These risks are managed by changing the features of the pension funds established or the agreements delegating management of the funds to Anima SGR.

Anima SGR's Risk Management unit is responsible for overseeing the enterprise risk management process with regard to operational, reputational and financial risks and those risks associated with guarantees provided for pension funds. The Finance and Corporate Governance Department is instead responsible for strategic risks.
As to financial reporting, the ICRMS consists of a series of administrative and accounting procedures, supported by specific software, and tools for assessing their suitability and functioning ("financial risk reporting" model).
The implementation and maintenance of the model is divided into four main phases:

a) identification and assessment of financial reporting risks;
b) identification of the controls for the risks identified at the level of the relevant process;
c) assessment of the adequacy and effective application of the administrative and accounting procedures and the relative controls;
d) monitoring of the implementation of any corrective actions if weaknesses or anomalies in the functioning of specific components of the ICRMS are found.

Finally, there has been ongoing focus on measuring financial items. Most of the financial assets measured at fair value have been classified as "financial assets mandatorily measured at fair value", represented by hedging derivatives. The financial assets measured at fair value at 31 December 2018 were measured exclusively using Level 1 and 2 inputs (for hedging derivatives).

In complex market environments it is particularly important to verify whether goodwill maintains its value. In the consolidated financial statements, intangible assets with an indefinite life are represented by goodwill.
During the first half of the year, the purchase price allocation ("PPA") process for the acquisition of Gestielle by Anima Holding was completed. That process resulted in the recognition of an intangible with a finite life amounting to about €380.3 million gross of deferred tax liabilities of about €112.5 million and goodwill determined as a residual of about €422 million.
In addition, following the acquisition of the Demerged Business by BPF (which also fell within the scope of IFRS 3 "Business combinations"), the PPA process was carried out, resulting in the recognition of an intangible with a finite life amounting to about €106.9 million gross of deferred tax liabilities of about €31.6 million and goodwill determined as a residual of about €44.3 million.
Impairment testing was conducted for the goodwill recognized in the consolidated financial statements at 31 December 2018, equal to about €1,105.5 million (with the same testing methodology used in the past), based on the determination of the value in use, meaning the present value of future cash flows that the Group expects to generate. The cash flows used in estimating the value in use refer to the one Anima cash-generating unit (Anima CGU).
Testing showed that the values in use exceeded the corresponding carrying amounts and therefore no adjustments were made to the value of intangible assets with indefinite useful life.
You are invited to refer to Section 9 "Intangible assets – Item 90" in the notes to the consolidated financial statements for further details, including with regard to impairment losses on intangibles with a finite useful life.

For more information on financial and operational risks, please see "Part D – Other information - Section 3 – Information on risks and risk management policies" of these consolidated financial statements, as well as the Report on Corporate Governance and Ownership Structure referred to in Article 123-bis of the Consolidated Law on Financial Intermediation. The latter is approved by the Board of Directors as a separate document, published in conjunction with the documentation submitted for the approval of the Shareholders' Meeting, at www.animaholding.it in the Investor Relations section, in accordance with the procedures provided for under applicable regulations.

Finally, Legislative Decree 231 of 8 June 2001, ("Legislative Decree 231/2001") introduced the rules on "Corporate liability for administrative offences resulting from a crime". More specifically, the system of rules applies to legal persons, companies and associations, even those lacking legal personality. No administrative liability arises, however, if the company adopts and effectively implements, prior to the commission of a crime, compliance models to protect against such crime. These models can be adopted on the basis of codes of conduct or guidelines prepared by industry associations (including Assogestioni, which represents Italian asset managers) and communicated to the Ministry of Justice.
The Boards of Directors of Anima Holding and Anima SGR adopted their respective "Compliance Models as per Legislative Decree 231/2001" (the "Model"). The Models are divided into: (i) a "general" part that describes the company's system of rules and organization, construed as the rules, processes and procedures for the performance of operating activities, (ii) a "special" part, which details the types of offenses relevant under Legislative Decree 231/2001, as well as the result of the company's assessment of the exposure to the risk of commission of offenses expressed in terms of "likelihood of occurrence" and "associated risk", and (iii) "Annexes" which contain the main sources of the ethical and behavioral principles underpinning the construction and operation of the model, representing an integral part of that model. They consist of the Code of Ethics, the Code of Conduct and the Disciplinary Code.

The task of monitoring the operation of and compliance with the Models and ensuring that they are updated has been assigned to specific independent Supervisory Bodies under the provisions of Legislative Decree 231/2001 established by the Boards of Directors of the respective companies.

OTHER INFORMATION

Purchase of treasury shares and shares of the Parent Company

At 31 December 2018, none of the companies belonging to the Anima Group held, nor did they purchase or sell during the period, treasury shares or shares of the Parent Company, either directly or through trust companies or nominees.
On 9 January 2019 (see the press release of 8 January 2019), a program for the purchase of treasury shares was launched based on the authorization approved by the Shareholders' Meeting of the Parent Company on 21 December 2018, in order to (i) hold treasury shares to be used to serve existing and future incentive plans for corporate officers, employees or associates of the Group that involve the disposal or grant of shares or financial instruments convertible into shares and (ii) hold a securities portfolio to be used, consistently with the strategic guidelines of the Parent Company, to serve potential extraordinary operations. Purchases, which were under way at the date of approval of the 2018 consolidated financial statements, are being made through an authorized intermediary in accordance with the procedures established by the resolution of the Shareholders' Meeting, in compliance with the conditions for trading established by Art. 3 of Delegated Regulation (EU) 2016/1052. Purchases of a maximum of 11,401,107 ordinary shares of the Parent Company, equal to 3% of the share capital within the limit of a maximum value of €45 million are expected to be completed by 17 May 2019.
Purchases will be made at a price not exceeding the higher of the price of the last independent trade and the highest current independent purchase bid on the trading venue where the purchase is carried out, it being understood that the unit price shall not in any case be more than 10% lower or 10% higher than the closing price recorded by the Anima Holding stock in the trading session preceding each individual purchase transaction.
Any subsequent changes to the purchase program and information already published will be promptly notified by the Parent Company.
For more details on the operation, please see the report of Board of Directors on the proposed authorization approved by the Shareholders' Meeting of 21 December 2018, available on the website of the Parent Company.

Research and development

In 2018, Anima SGR continued its research and development activities. The R&D work is intended to develop new products and services that can be easily inserted in the company product range, with the introduction of new technologies to improve internal development processes, the analysis of the financial solutions/techniques involved, and the subsequent delivery of new products and services. Anima SGR directed its efforts at innovative projects, such as (i) the development of new IT solutions for the evolution and rationalization of internal processes and systems used in operations with its customers, in the products created by the company, and with the distributors of those products, as well for the administration of the Company and (ii) the analysis, design, simulation and definition of new financial products and their subsequent ongoing development. These R&D activities will continue in 2019.
The tax credit arising in 2017 provided for under Article 1, paragraph 35, of Law 190 of 23 December 2014 concerning R&D conducted by Anima SGR was definitively quantified in the amount of about €0.4 million.

National consolidated taxation mechanism and Group VAT settlement and payment system

The Parent Company participates, as the consolidating entity, in the group taxation mechanism envisaged under Articles 117 et seq. of Italy's Uniform Income Tax Code (national consolidated

taxation) with Anima SGR, governing relationships arising from the consolidated taxation mechanism with a specific contract renewed for the 2017-2019 period.
The Parent Company, together with the subsidiary Anima SGR, elected to exercise the option to participate in the Group monthly VAT settlement and payment system for 2019, as provided for under Article 73, paragraph 3, of the Decree of the President of the Republic 633 of 1972, as implemented with the Ministerial Decree of 13 December 1979, as amended with the Ministerial Decree of 13 February 2017.

Privacy
On 25 May 2018 the European Union's General Data Protection Regulation no. 2016/679 (or GDPR) entered force.
The Group companies have met the requirements of the GDPR with:

- the approval of a specific policy for the processing of personal data;
- the adoption of organizational procedures to govern internal company processes and the rules on IT security of personal data; and
- the adoption of a Code of Conduct pursuant to Art. 40 of the GDPR.

Personnel
For more information on the size of the workforce, please see to Part C, Section 9 of the notes to the Consolidated Financial Statement of 2018.
Professional training is considered an important investment to enrich the skills of employees and indirectly also of the entire Group; also in 2018, in compliance with the training plan, various training courses were organized aimed at developing managerial and behavioral skills of the resources. In particular the courses concerned both compulsory training topics (Anti-money laundering, Mifid 2, Market Abuse, Privacy Update 2018, etc.), as well as management training (communication skills and abilities, time management, etc.) and techniques (languages foreigners, specialized courses and IT).

Tax issues
As regards tax issues and disputes, as of the reporting date the disputes concerning assessments for direct taxes (IRES) for 2006 to 2008, issued following audits carried out in 2010 at the subsidiary Anima SGR by the Revenue Agency – Regional Department of Lombardy had not yet been resolved.
Anima SGR and the Parent Company have launched, including through their advisors, consultations and analysis of the issues raised by the tax inspectors, filing appeals, pleadings or applications for settlement where appropriate.
In any event, as the claims of the Revenue Agency against Anima SGR regard the years 2006 to 2007 (and thus prior to the acquisition by Anima Holding of the entire share capital of Anima SGR), the indemnification procedures provided for by the combined provisions of Articles 9 and 10 of the Sale Agreement entered into on 31 March 2009 and the '"Strategic Alliance" agreements of 29 December 2010, are applicable in exercising any recoupment against the sellers of the equity investments in Anima SGR (from the former Prima SGR) to Anima Holding and therefore it is not deemed likely that the subsidiary will have to use resources to address this situation.
In view of the foregoing, it was not considered necessary to recognize provisions in the consolidated financial statements at 31 December 2018 against the latent risk because, for the periods 2006 and 2007 regardless of any possible assessment of the outcome of the disputes, contractual agreements with the partners are in force that provide for the indemnification of the Group in respect of costs and charges that may arise.
With regard to the 2008 tax year, as the claims of the Revenue Agency against Anima SGR regard a period prior to the acquisition by Anima Holding of the entire share capital of Anima SGR, under the interpretation of Anima SGR and the Parent Company, the indemnification procedures provided for by the combined provisions of Articles 9 and 10 of the Sale Agreement entered into on 31 March 2009 and the '"Strategic Alliance" agreements of 29 December 2010, are applicable in exercising any recoupment against the sellers of the equity investments in Anima SGR (from the former Prima SGR) to Anima Holding.

Following recent communications from the seller Banca Monte dei Paschi di Siena (in the second half of January 2019) regarding the interpretation of the full effectiveness of the guarantees contained in these agreements that would make it impossible for the subsidiary Anima SGR to obtain full recoupment of costs and charges in the event of an unfavorable definitive ruling in the dispute for the 2008 financial year, Anima SGR and the Parent Company, have initiated, with the support of their legal and tax advisors, an extensive analysis of the contractual guarantees for that year, for which, moreover, the appeal to the Court of Cassation is still pending (after divergent rulings at two lower levels of adjudication).

In any event, based on the findings of this assessment, which was supported by the opinions issued by the aforementioned consultants, the claims advanced by the Revenue Agency are considered unfounded, with a possible risk of losing the case. Consequently no provision was recognized in the consolidated financial statements at 31 December 2018, consistent with the provisions of IAS 37.

It should be noted that, for 2008, the possible charge for the Group in the event of an unexpected unfavorable ruling by the Court Cassation and the incomplete effectiveness of the contractual guarantees received can now be quantified at €2 million.

Regulatory issues

On 3 January 2018, Directive 2014/65/EU, the second directive on markets in financial instruments (MiFID II), which aims to reinforce the rules of the first MiFID in order to harmonize legislation at the EU level for investment firms, focusing on consumer protection, came into force. The regulatory framework is completed by Regulation (EU) No. 600/2014 on markets in financial instruments (MIFID), and by the Delegated Regulations, and was transposed into Italian law with Legislative Decree 129/2017.

The Group completed its planning during the year to ensure compliance with MiFID II upon its entry into force.

GROUP OPERATIONS AND RESULTS FOR 2018

Information on operations

At the end of 2018, the Anima Group had €173.1 billion in assets under management ("AUM"), up €78.7 billion on the end of 2017).
This performance mainly reflected the extraordinary transactions finalized during the year, in particular (i) the acquisition of management contracts from Banca Aletti, completed on 29 June 2018, which increased assets under management by about €9.4 billion and (ii) the acquisition of the Demerged Business from BFP, completed on 1 November 2018, which increased assets under management by about €70.2 billion.
Net of these factors, the Group's assets under management declined by around €0.8 billion, reflecting the negative performance of the financial markets in the last part of the year for around €1.8 billion, which offset positive net funding of about €1 billion in the period.

The following table reports AUM and funding by distribution channel at 31 December 2018, with comparative figures for the same period of 2017.
Millions of euros

	End-of-period AUM			Net funding YTD		
Millions of euros	Dec-17	Dec-18	% change AUM	Dec-17*	Dec-18	Absolute change
Total Anima Group	**94,398**	**173,110**	**83%**	**948**	**976**	**28**
Retail	**56,983**	**53,682**	**-6%**	**(308)**	**332**	**640**
Strategic Partner	48,989	46,547	-5%	(131)	937	1,068
Bank networks	5,291	4,691	-11%	94	(425)	(519)
Financial advisor networks	2,460	2,235	-9%	(273)	(169)	104
Other	243	209	-14%	2	(11)	(13)
Institutional	**37,415**	**119,428**	**219%**	**1,256**	**644**	**(612)**

* Figures for Anima Group at 31 December 2017 (excluding figures for Gestielle, a subsidiary of Banco-BPM until 27 December 2017)

Net funding in the period was positive for both the Retail and Institutional channels:
- Retail: the channel posted positive net funding overall of about €332 million, thanks to the contribution of Strategic Partners (€937 million in the period), partially offset by the negative results of the bank networks (€425 million) and by the Financial advisor networks (€169 million);
- Institutional: the channel posted positive net funding overall of €644 million, mainly attributable to the contribution of management contracts for the funds and unit-linked policies of the Poste Group and net funding in the pension segment. The performance was adversely affected by the redemption of about €1.2 billion (inclusive of the wrap component) by a single institutional counterparty following the ordinary expiry of agreements entered into with the Parent Company in 2009 concerning investments in mutual funds (seen the press release of 6 July 2018); excluding this planned redemption, the segment posted net funding of €1.8 billion.

Reclassified consolidated income statement at 31 December 2018

The reclassified consolidated income statement provides a scalar presentation of the formation of net profit for the period with the reporting of aggregates commonly used to provide an overview of performance.
In addition, the statement also reports the adjustments to statutory consolidated net profit as calculated for reporting purposes in order to neutralize the main impact on the latter of non-recurring or non-monetary costs and revenues and costs and revenues not pertaining to the core activities of the Group (net of the associated tax effects).

These aggregates are considered Alternative Performance Indicators under the provisions of the Consob communication of 3 December 2015, which incorporates the guidelines of the European Securities and Markets Authority (ESMA) of 5 October 2015.
Note that the figures at 31 December 2017 in the reclassified consolidated income statement reported below do not reflect components from Gestielle SGR (acquired at the end of last year), presenting the results of the Parent Company, Anima SGR and Anima AM Ltd.

(Thousands of euros)	31/12/2018	31/12/2017	Δ % 2018 VS 2017
Net management fees	280,747	211,041	33%
Performance fees	20,318	23,891	-15%
Other revenues	22,841	22,096	3%
Total revenues	**323,906**	**257,028**	**26%**
Personnel expenses	(41,581)	(36,267)	15%
Other administrative expenses	(41,829)	(29,185)	43%
Total operating expenses	**(83,410)**	**(65,452)**	**27%**
Adjusted EBITDA	**240,496**	**191,576**	**26%**
Non-recurring costs	(11,217)	(13,406)	-16%
Other costs and revenues	417	6,541	-94%
Net adjustments of property, plant and equipment and intangible assets	(47,465)	(17,983)	164%
EBIT	**182,231**	**166,728**	**9%**
Net financial expense	(8,644)	(6,839)	26%
Profit before taxes	**173,587**	**159,889**	**9%**
Income taxes	(51,530)	(48,596)	6%
Consolidated net profit	**122,057**	**111,293**	**10%**
Net tax adjustments	**41,175**	**22,487**	**83%**
Normalized net profit	**163,232**	**133,780**	**22%**

The Parent Company defines Adjusted EBITDA (earnings before interest and taxes, depreciation and amortization) as the difference between total revenues and total operating expenses as reported in the reclassified income statement.
At 31 December 2018, Adjusted EBITDA for the Group came to €240.5 million, an increase on the same figure in the previous year (€191.6 million).
The performance of Adjusted EBITDA mainly reflected the following factors:

- an increase in net management fees to €280.7 million, compared with €211 million in the same period of the previous year, largely reflecting the contribution of Gestielle SGR;
- a decrease in performance fees (€20.3 million in 2018 compared with €23.9 million in 2017);
- a slight increase in other revenue (€22.8 million at 31 December 2018 from €22.1 million in the previous period); the item includes fixed fees, advisory fees and other services;
- an increase of about €5.3 million in personnel costs, due mainly to Gestielle employees;
- an increase of about €12.6 million, in other administrative expenses, largely reflecting the costs of Gestielle as well as an increase in administrative outsourcing costs connected with the expansion in AUM, on which fees for the service are calculated.

The Group defines EBIT (earnings before interest and taxes) as consolidated net profit before income taxes and net financial expense, as shown in the reclassified income statement.
The Group defines extraordinary costs as non-recurring and/or non-monetary costs. Extraordinary costs in 2018 are primarily composed of strategic advisory services connected with extraordinary business combinations/acquisitions carried out in the period, as well as consensual agreements with personnel of about €3.7 million.

Charges related to the LTIP amounted to about €3.3 million.
Non-recurring costs pertaining to 2017 were mainly attributable to charges connected with the previous Long-Term Incentive Plan of Anima Holding, approved by the Parent Company's Shareholders' Meeting on 25 July 2015, in addition to non-recurring administrative costs mainly consisting of consulting fees.
The increase in "Net adjustments of property, plant and equipment and intangible assets" is mainly attributable to the amortization charge for the year on intangible assets with a finite useful life identified in the PPA for Gestielle SGR (about €25.4 million) and the PPA for the Demerged Business (about €1.2 million), in addition to the amortization charge for the period for the management contracts acquired from Banca Aletti (about €3.5 million).
Net financial expense came to €8.6 million at 31 December 2018, up from about €6.8 million in 2017, with the increase reflecting the use of the credit lines envisaged under the loan agreement of 9 November 2017 and subsequently amended on 5 March 2018. For more information, please see "Part B – Information on the balance sheet – Liabilities - Section 1 – Financial liabilities measured at amortized cost - Item 10" of the notes to the consolidated financial statements at 31 December 2018.
The normalized consolidated net profit for the Group in 2018 was equal to €163.2 million, an increase of about 22% compared with the €133.8 million reported for 2017.

The following table reconciles consolidated net profit with Adjusted EBITDA.

(Thousands of euros)	31/12/2018	31/12/2017	Change	
			Absolute	%
Consolidated net profit	**122,057**	**111,293**	**10,764**	**10%**
Income taxes	51,530	48,596	2,934	6%
Profit before taxes	**173,587**	**159,889**	**13,698**	**9%**
Net financial expense	8,644	6,839	1,805	26%
Net adjustments of property, plant and equipment and intangible assets	47,465	17,983	29,482	164%
Other costs and revenues	(417)	(6,541)	6,124	-94%
Non-recurring costs	11,217	13,406	(2,189)	-16%
Adjusted EBITDA	**240,496**	**191,576**	**48,920**	**26%**

The following table reconciles consolidated net profit with normalized consolidated net profit:

(Thousands of euros)	31/12/2018	31/12/2017
Consolidated net profit	*122,057*	*111,293*
Amortization of intangibles	44,787	15,706
Amortization of capitalized costs on loans	1,159	1,562
Other income and expense	(802)	(841)
Change in provisions	(16)	337
Other financial expense	0	1,085
Non-recurring costs	7,881	9,555
LTIP costs	3,336	3,847
Profit/loss from disposal of PTF securities AFS	2,324	(4,114)
One-off fees/rebates	0	1,000
Adjustments and writedowns	0	(182)
Changes in prior-year taxes	(784)	784
Tax effects of adjustments	**(16,710)**	**(6,252)**
Total net adjustments	***41,175***	***22,487***
Normalized consolidated net profit	**163,232**	**133,780**

The components that characterized normalized net profit at 31 December 2018 are largely the same as those for the earlier period. There was a substantial increase in "Amortization of intangibles" associated with the intangible assets with a finite life described above, while the non-recurring costs are mainly attributable to the costs of advisory services and other administrative costs associated with the extraordinary transactions carried out during the year, as well as consensual agreements with personnel.
The costs in respect of the Long-Term Incentive Plan are reported as adjustments increasing net profit as calculated for statutory purposes as they are without any monetary effect.
The item "change in prior-year taxes" for the first half of 2018 reflects the successful outcome of the request for a tax ruling submitted in 2017 concerning the application of the rules introduced with Article 1, paragraph 550, of Law 232 of 11 December 2016 (the "2017 Budget Act") on the procedures for calculating benefits in respect of the allowance for corporate equity (ACE) referred to in Decree Law 201/2011. The positive reply, obtained during 2018, enabled the Parent Company to recover the additional taxes recognized in the year-earlier period.
The tax effects are calculated for each adjustment in accordance with applicable tax rates.

Net financial position at 31 December 2018
Net financial position reported below is defined as total financial debt net of cash and cash equivalents, including financial debt and receivables and excluding trade receivables and payables. The net financial position also includes receivables in respect of collective investment undertakings under management for accrued performance fees collected in the early days of the month following the close of the period. The NFP presented below is also considered an Alternative Performance Measure under the Consob and ESMA guidelines referred to above.

Anima Holding Cons. - Net financial debt at 31 December 2018

Millions of euros	31/12/2018	31/12/2017	31/12/2016
Term Loan	645.3	450.0	180.0
Bridge Loan	0.0	250.0	0.0
Accrued financial expense	0.0	0.2	0.0
Liability to Banco BPM for deferred price	0.0	113.7	0.0
Total financial debt	**645.3**	**813.9**	**180.0**
Cash and other liquidity	(243.4)	(359.6)	(215.2)
Securities	(88.6)	(150.7)	(141.9)
Receivables for performance fees	(1.6)	(27.7)	(15.8)
Cash and cash equivalents	**(333.7)**	**(537.9)**	**(372.9)**
Net financial debt	**311.6**	**276.0**	**(192.9)**

For more details on the composition of "Total financial debt", please see "Part B – Information on the balance sheet – Liabilities - Section 1 – Financial liabilities measured at amortized cost Voce 10" in the notes to the consolidated financial statements at 31 December 2018.
The item "Cash and cash equivalents" decreased compared with the end of last year, mainly due to (i) the payment made in June to Banco BPM of the deferred price for the acquisition of Gestielle in the amount of €113.7 million; (ii) the payment of the dividend by the Parent Company in respect of 2017 performance in the amount of about €58.5 million; (iii) partial repayments on the loan and the payment of interest on the loan made during the period totaling about €22.5 million, (iv) the price paid to Banca Aletti for the acquisition of contracts for the management of insurance assets amounting to about €138 million; (v) the price paid to Poste for the shares of Anima SGR issued as part of the acquisition of the Demerged Business from BPF totaling about €120 million, (vi) the payment of Group income taxes – the balance for 2017 and the first payment on account for 2018 – of about €99.7 million, (vii) the repayment of the Bridge Loan in the amount of €250 million; all net

(vii) of the profit before tax for the period of about €173.6 million, (ix) the receipts of about €300 million from the capital increase; (x) the drawing on the Term Loan - Tranche B of about €90 million and on the Additional Term Loan of €120 million and (xi) the balance of income components for the period with no financial impact.

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The consolidated financial statements consist of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated shareholders' equity, the consolidated cash flow statement and the consolidated explanatory note.
As indicated above, in the first half of the year the PPA process was completed for the acquisition of Gestielle SGR carried out by Anima Holding.
As required by IFRS 3, the effects on the consolidated financial statements at 31 December 2017 have been restated to reflect the definitive allocation of the positive difference between the acquisition cost and the fair value (net of any deferred tax effects) of the identifiable assets, intangible assets, liabilities and contingent liabilities for the consolidation of Gestielle SGR. Please see the consolidated notes to the consolidated financial statements at 31 December 2018 “Part A - Accounting policies - Other information – Business combinations carried out during the previous year - Retrospective adjustments” for more details.
Note that the initial consolidation of the net assets of Gestielle was carried out using only the balance-sheet values at 31 December 2017; thus the consolidated income statement for 2017 reports only the profit for the year of the Parent Company and the subsidiaries Anima SGR and Anima AM Ltd (excluding Gestielle).

The most significant items and the most important changes that occurred during the year are discussed below.

The consolidated balance sheet shows total assets of €2,211.6 million.

Item “20. c) other financial assets mandatorily measured at fair value” amounted to about €88.6 million (€150.7 million at 31 December 2017) and includes the shares of CIUs held by the Group in funds set up and/or managed by the subsidiary Anima SGR and the subsidiary Anima AM Ltd.
The change in the item for the year is mainly due (i) to the sale of the entire portfolio of financial instruments held by Gestielle SGR at 31 December 2017 for about €64.9 million (of which about €15.4 million of Italian government securities and about €49.6 million of CIU units), (ii) the net increase in CIU units of Anima SGR of about €5.2 million and (iii) the decrease in the fair value of the CIU portfolio as at the date of the consolidated financial statements at 31 December 2018 in the amount of about €2.3 million.

Item “40. Financial assets measured at amortized cost” amounted to about €315.7 million (€478.4 million at 31 December 2017) and mainly includes:

- “receivables for asset management services” of about €72 million (€118.4 million at 31 December 2017), which includes i) receivables in respect of management and performance fees that the Group was mainly owed by funds it has established, ii) receivables for commissions and fees for portfolio management services, iii) receivables for commissions and fees for asset management services provided to institutional and retail customers and pension funds. The item decreased compared with 31 December 2017, mainly in reflection of (i) a decrease of about €26.1 million in performance fees accrued by the Group in December 2018 compared with December 2017 (ii) a decrease of about €19.9 million receivables in respect of the tax in lieu on operating profit and the withholding tax on products under management. The receivables were collected almost entirely in the month following the reporting date for these financial statements.

- "other receivables" of about €243.4 million (€359.5 million at 31 December 2017) include the cash available on the current accounts held with leading banks. For more information on the events involved in generating/using cash flows in the year, please see the statement of cash flows of the consolidated financial statements at 31 December 2018.

Item "90. Intangible assets" amounted to about €1,746.9 million (€1,501.7 million at 31 December 2017). The increase in the period mainly reflected the effects of extraordinary transactions carried out by the Group in 2018. More specifically:

- in relation to the purchase from Banca Aletti of the contracts for the delegated management of the assets deriving from insurance operations, an intangible asset with a finite useful life was recognized in the amount of about €138.6 million. The useful life of this intangible has been estimated at twenty years, with amortization on a straight-line basis. The residual value of the asset at 31 December 2018 was €135.1 million.
- - in relation to BPF's Demerged Business, the PPA process led to the recognition of the following intangible assets:
    i) i) contractual relationships identified with the intangible with a finite useful life defined as the "Operating Agreement" valued at about €106.9 million. The residual value of the asset at 31 December 2018 was €105.7 million;
    ii) ii) goodwill with an indefinite useful life of about €44.3 million.

Please see the notes to the consolidated financial statements at 31 December 2018 "Part B - Information on the balance sheet - Assets - Section 9 Intangible assets - Item 90" for more details.

The items "Tax assets - a) current" and "Tax liabilities – a) current" report the net balance of the tax positions of the individual Group companies in respect of their respective tax authorities.
The Parent Company participates, as the consolidating entity, in the group taxation mechanism envisaged under Articles 117 et seq. of Italy's Uniform Income Tax Code (national consolidated taxation) with Anima SGR. For this reason, the net balance between payments on account and the year's tax liability for ordinary IRES (corporate income tax) of the Group is presented in the balance sheet under "Current tax assets" and/or "Current tax liabilities".
Please see the notes to the consolidated financial statements "Part B - Information on the balance sheet - Assets - Section 10 Tax assets and tax liabilities - Item 100 of assets and Item 60 of liabilities" for more details on the composition of the items and change during the year.

Finally, item "120. Other assets" show a balance of €28.1 million (€33.1 million at 31 December 2017) and mainly include: (i) tax receivables of around €13.9 million, (ii) other accrued income and prepaid expenses of about €3.1 million, (iii) prepaid one-off fees and commissions paid to distributors of about €2.7 million; (iv) receivables in respect of applications for IRES refunds for non-deduction of IRAP on labor costs (pursuant to Article 2-quater, paragraph 1, Decree Law 201/2011, for the 2004-2011 tax years, carried out in conjunction with the former consolidating companies Banca Monte dei Paschi di Siena, Banco BPM and Credito Valtellinese) in the amount of about €2 million, (v) amounts due from former shareholders for indemnities under the agreements entered into by the Parent Company in December 2010 in the amount of about €4.3 million, (vi) assets in respect of leasehold improvements amounting to €0.7 million and (vii) sundry other receivables in the amount of about €1.4 million .

Liabilities are detailed below.

The item "10. Financial liabilities measured at amortized cost - a) Debt" amounted to €778 million (€936.1 million at 31 December 2017) and consists mainly of:

- "Due to sales networks" in the amount of €136 million (€237.4 million at 31 December 2017) attributable almost entirely to the fees and commissions to be paid to distributors of the products created and managed by the Group: these commissions will be paid almost entirely during the first quarter of the 2019. The reduction compared with 31 December 2017 is mainly due to the reduction in the debtor position of Gestielle SGR (which since 2018 has adopted the payment terms of the Group).
- "Other amounts due" in the amount of €640.1 million (€696.2 million at 31 December 2017), consisting of the loan obtained by the Parent Company on 9 November 2017 and modified on 5 March 2018, which provided for the opening of credit lines for a total of €990 million .

The outstanding loan at 31 December 2018 is detailed in the following table (thousands of euros):

	Credit line	Amount drawn at 31.12.2018	Principal repayments	Outstanding debt at 31.12.2018 (nominal value)	Final due date
Term Loan - Tranche A	450,000	450,000	12,273	437,727	09/11/2022
Term Loan - Tranche B	100,000	90,000	2,455	87,545	09/11/2022
Additional Term Loan	120,000	120,000		120,000	05/03/2024
Total	**670,000**	**660,000**	**14,728**	**645,272**	

At 31 December 2018, the residual nominal value of the loan amounted to about €645.3 million, reflecting the scheduled principal repayment made in June for the amount of about €14.7 million.
The loan is carried at amortized cost for the amount of about €640 million. The difference between the nominal value and the amortized cost is attributable to capitalized transaction costs (about €5.3 million) related to the activation of the Term Tranche A, Term Tranche B and Additional Term of the loan. The loan agreement provides for compliance with financial covenants for the above credit lines. Please see the notes to the consolidated financial statements at 31 December 2018 "Part B - Information on the balance sheet - Liabilities - Section 10" for more details.

The item "40. Hedging derivatives" shows a balance of €1.6 million (nil at 31 December 2017) and includes the fair value of interest rate swaps (IRS) obtained to hedge the risk of fluctuations in the six-month Euribor (the basis parameter for the outstanding loan), which is replaced with the payment of a fixed rate (a cash flow hedging strategy). The IRS contracts were signed by the Parent Company on 27 June 2018, continuing the agreements in the contract signed on 9 November 2017 with specific reference to Tranche A and Tranche B of the Term loan, for a total notional value of €275 million (equal to about 52.35% of the residual debt in respect of those tranches). The contracts hedge the two tranches over the entire term of the loan outstanding as at 31 December 2018. The Parent Company has verified the existence of all the conditions envisaged by IFRS 9 to qualify for cash flow hedging treatment. Consequently, changes in the fair value of the derivatives - for the part not related to interest flows on the loan already recognized in profit or loss – are recognized in the valuation reserves (net of the tax effect) and reported in the statement of comprehensive income. For more details, see the notes to the financial statements "Part B - Information on the balance sheet - Liabilities - Section 4 - Hedging derivatives - Item 40".

Item "80. Other liabilities" amounts to €39.8 million (€194.1 million at 31 December 2017) and is mainly attributable to (i) amounts due to suppliers; (ii) amounts due to employees and social security institutions including, among other elements, the variable component of remuneration for the year and non-recurring liabilities related to consensual agreements already ratified with employees (iii) the liabilities in respect of tax consolidation agreements from previous years and agreements signed by the Parent Company with former shareholders in December 2010; (iv) liabilities for withholding tax and other taxes to be paid to tax authorities in respect of asset management products; and (v) sundry payables. Compared with 31 December 2017, the item decreased mainly due to the payment of the deferred price for the acquisition of Gestielle SGR by the Parent Company in June to Banco BPM for €113.7 million, in addition to about €30 million relating to a decrease in payables to the tax authorities for withholdings, taxes in lieu and virtual stamp duty.

Item “100. Provisions for risks and charges” shows a balance of around €1.4 million (€3.5 million at 31 December 2017). The amount reported in “a) commitments and guarantees issued” of approximately €0.1 million regards to the guarantee provided by the subsidiary Anima SGR for the “Garanzia 1+” and “Incremento e Garanzia 5+" sub-funds of the open-end Arti & Mestieri pension fund and the “Linea Garantita” sub-fund of the ICBPI Group closed pension fund. Anima SGR guarantees subscribers a minimum amount, equal to the amount paid by the subscriber regardless of the performance of the segments.
Sub-item “c) other provisions”, equal to about €1.3 million, includes (i) provisions for litigation, including the costs of the related legal/tax advice, in the amount of about €0.4 million and (ii) provisions for extraordinary settlement agreements being defined with employees for which there is no certainty about the amounts to be paid and residual amounts to be paid to employees under the bonus system totaling about €0.7 million.
No provisions have been recognized for suits in which the Group is a joint and severally liable party but for which, on the basis of previous rulings in the same type of litigation or in the opinion of external consultants, no charges are expected to be incurred.

Please see the notes to the consolidated financial statements at 31 December 2018 “Part B - Information on the balance sheet – Liabilities - Section 10 Provisions for risks and charges - Item 100” for more details.

Examining the consolidated income statement for the year ended 31 December 2018, we report:

Item “10. Fee and commission income” amounted to €1,061.7 million (€798.4 million at 31 December 2017) and breaks down as follows:

- fees and commissions from investment funds of €996.1 million;
- fees and commissions from individual portfolio management products of €30.9 million;
- fees and commissions from open-end pension funds of €9.9 million;
- fees and commissions from delegated asset management products of €23.8 million;
- other fees and commissions of around €1 million.

Fee and commission expense amounted to €738.7 million (€542.1 million at 31 December 2017) and breaks down as follows:

- fees and commissions for investment funds of €717.8 million;
- fees and commissions for individual portfolio management products of €14.7 million;
- fees and commissions for open-end pension funds of €5.1 million;
- fees and commissions for delegated asset management products of €0.4 million;
- other fees and commissions of €0.7 million.

Item “60. Interest and similar expense” amounted to €9 million (€6 million at 31 December 2017). This item includes (i) interest expense on the loan determined with the amortized cost method in the amount of about €8.5 million and (ii) interest expense on IRS derivatives in the amount of €0.5 million.

Item “100. Net gains (losses) on other financial assets and liabilities measured at fair value through profit or loss - b) other financial assets mandatorily measured at fair value” showed a net loss of €2.3 million (a net gain of €4.1 million at 31 December 2017). It reports the positive/negative changes (gains/losses) deriving from the measurement at fair value of financial instruments reported under asset item “20. - c) other financial assets mandatorily measured at fair value”, in addition to the gains and losses realized during the year on the sale of financial instruments held in the portfolio.

Item “140. Administrative expenses” amounted to €94.6 million (€78.9 million at 31 December 2017). This item consists of: (i) personnel expenses in the amount of €47.9 million and (ii) other administrative expenses of €46.6 million. Please see the notes to the consolidated financial statements at 31 December 2018 “Part C - Information on the income statement - Section 9 - Administrative expenses - Item 140” for more details.

Item “170. Net adjustments of intangible assets” amounted to about €46.6 million (€17.4 million at 31 December 2017) and includes amortization charge for the period for intangible assets of around €44.8 million and amortization charges for software of about €1.8 million.

Item “250. Income tax expense from continuing operations” shows a charge of about €51.5 million (€48.6 million at 31 December 2017). The item includes current IRES pertaining to the Group in the amount of €45.4 million, IRAP of €14.8 million and the taxes relating to the Irish subsidiary Anima AM Ltd of €3.4 million. The tax rate for the Group was 36.61%.
A positive change in prior-year taxes was recognized in the amount of about €0.8 million. This reflected the successful outcome of the request for a tax ruling submitted in 2017 by the Parent Company concerning the application of the rules introduced with Article 1, paragraph 550, letter d) and paragraph 551, of Law 232 of 11 December 2016 (the “2017 Budget Act”) on the procedures for calculating benefits in respect of the allowance for corporate equity (ACE) referred to in Decree Law 201/2011. The positive reply enable the Parent Company to recover the additional taxes recognized in the year-earlier period.

OUTLOOK

Having completed its planned extraordinary operations, the Group has achieved a significant diversification of its customer base and therefore its sources of revenue, with the considerable overall benefit of reducing the risk profile of the assets managed by the Group as a whole.
During the year, we will pursue our objectives to strengthen the network’s service capacity and rationalize Group operating models and to complete integration and leverage the differing management philosophies we have inherited within a unified investment process.
Developments in the performance, financial position and operations of the Group will be impacted by the performance of financial markets during the year.

for the Board of Directors

Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS OF THE ANIMA HOLDING GROUP AT 31 DECEMBER 2018

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

thousands of euros

	Assets	31/12/2018	31/12/2017 Restated (a)
10.	Cash and cash equivalents	6	7
20.	Financial assets measured at fair value through profit or loss	88,629	150,684
	c) other financial assets mandatorily measured at fair value	88,629	150,684
40.	Financial assets measured at amortized cost	315,709	478,382
80.	Property, plant and equipment	3,285	3,546
90.	Intangible assets	1,746,890	1,501,658
	of which:		
	- goodwill	1,105,463	1,061,136
100.	Tax assets	29,033	6,965
	a) current	25,710	3,315
	b) deferred	3,323	3,650
110.	Non-current assets and groups of assets held for sale	-	712
120.	Other assets	28,080	33,055
	TOTAL ASSETS	**2,211,632**	**2,175,009**

	Liabilities and shareholders' equity	31/12/2018	31/12/2017 Restated (a)
10.	Financial liabilities measured at amortized cost	777,998	936,126
	a) Debt	777,998	936,126
40.	Hedging derivatives	1,572	
60.	Tax liabilities	157,262	168,289
	a) current	3,387	34,229
	b) deferred	153,875	134,060
80.	Other liabilities	39,824	194,079
90.	Deferred remuneration benefits	2,484	2,647
100.	Provisions for risks and charges:	1,436	3,483
	a) committments and guarantees issued	106	6
	c) other provisions	1,330	3,477
110.	Share capital	7,292	5,926
140.	Share premium reserve	787,652	489,200
150.	Reserves	315,767	264,716
160.	Valuation reserves	(1,712)	(750)
170.	Net profit (loss) for the period	122,057	111,293
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,211,632**	**2,175,009**

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(a) Following the purchase price allocation process for the Gestielle acquisition, in accordance with IFRS 3, the impact on the consolidated financial statements at 31 December 2017 were restated

(b) Figures presented on the basis of IFRS 9 and the new provisions issued by the Bank of Italy. The values for items 20 and 40 of assets in the previous financial statements issued by the Bank of Italy and in force until 31 December 2017 were reclassified to this item.

CONSOLIDATED INCOME STATEMENT

thousands of euros

		31/12/2018	31/12/2017
10.	Fee and commission income	1,061,668	798,378
20.	Fee and commission expense	(738,747)	(542,075)
30.	**NET FEE AND COMMISSION INCOME (EXPENSE)**	**322,921**	**256,303**
50.	Interest and similar income	337	234
	of which: interest income calculated using effective interest rate method		
60.	Interest and similar expense	(8,982)	(5,988)
70.	Net gain (loss) on trading activities		(1,076)
80.	Net gain (loss) on hedging activities		2
100.	Net gain (loss) on financial assets and liabilities measured at fair value through profit or loss	(2,259)	4,116
	b) other financial assets mandatorily valued at fair value	(2,259)	4,116
110.	**GROSS INCOME**	**312,017**	**253,591**
130.	**NET PROFIT FROM FINANCIAL ACTIVITIES**	**312,017**	**253,591**
140.	Administrative expenses:	(94,598)	(78,883)
	a) personnel expenses	(47,949)	(40,188)
	b) other administrative expenses	(46,649)	(38,695)
150.	Net provisions for risks and charges	16	(337)
160.	Net adjustments of property, plant and equipment	(714)	(470)
170.	Net adjustments of intangible assets	(46,618)	(17,383)
180.	Other operating (expenses)/income	3,484	3,189
190.	**OPERATING PROFIT (LOSS)**	**(138,430)**	**(93,884)**
200.	Profit (loss) from equity investments		182
240.	**PROFIT (LOSS) BEFORE TAX ON CONTINUING OPERATIONS**	**173,587**	**159,889**
250.	Income tax expense from continuing operations	(51,530)	(48,596)
260.	**PROFIT (LOSS) AFTER TAX ON CONTINUING OPERATIONS**	**122,057**	**111,293**
280.	**NET PROFIT (LOSS) FOR THE PERIOD**	**122,057**	**111,293**
290.	Profit (loss) attributable to non-controlling interests		
300.	Profit (loss) attributable to shareholders of the Parent Company	122,057	111,293

* Figures presented on the basis of IFRS 9 and the new provisions issued by the Bank of Italy. The values for items 60 and 90 of the income statement in the previous financial statements issued by the Bank of Italy and in force until 31 December 2017 were reclassified to this item.

Basic earnings per share - euros	0.34	0.31
Diluted earnings per share - euros	0.34	0.31

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

thousands of euros

		31/12/2018	31/12/2017
10.	**Net profit (loss) for the period**	**122.057**	**111.293**
	Other comprehensive income after tax without recycling to profit or loss		
70.	Defined benefit plans	46	(8)
	Other comprehensive income after tax with recycling to profit or loss		
120.	Cash flow hedges	(1.107)	1.067
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income		(2.557)
170.	**Total other comprehensive income after tax**	**(1.061)**	**(1.498)**
180.	**COMPREHENSIVE INCOME (ITEMS 10+170)**	**120.996**	**109.795**
190.	Consolidated comprehensive income attributable to non-controlling interests		
200.	**Consolidated comprehensive income attributable to shareholders of the Parent company**	**120.996**	**109.795**

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

thousands of euros

2018	at 31.12.17	Change in opening balance	at 01.01.18	Allocation of net profit of previous year: Reserves	Allocation of net profit of previous year: Dividends and other allocations	Change for the year: Change in reserves	Change for the year – Equity transactions: Issue of new shares	Change for the year – Equity transactions: Purchase of treasury shares	Change for the year – Equity transactions: Extraordinary dividends	Change for the year – Equity transactions: Change in equity instruments	Change for the year – Equity transactions: Other changes	Comprehensive income at 31.12.2018	Shareholders' equity attributable to the shareholders of the Parent Company at 31.12.2018	Non-controlling interests at 31.12.2018
Share capital	5,926		5,926				1,366						7,292	
Share premium reserve	489,200		489,200				298,452						787,652	
Reserves:	264,716	(99)	264,617	52,747			(4,933)				3,336		315,767	
a) earnings	234,295		234,295	47,428									281,723	
b) other	30,421	(99)	30,322	5,319			(4,933)				3,336		34,044	
Valuation reserves	(750)	99	(651)									(1,061)	(1,712)	
Equity instruments													-	
Treasury shares													-	
Net profit (loss) for the year	111,293		111,293	(52,747)	(58,546)							122,057	122,057	
Shareholders' equity attributable to shareholders of the Parent Company	**870,385**		**870,385**	**-**	**(58,546)**	**-**	**294,885**	**-**	**-**	**-**	**3,336**	**120,996**	**1,231,056**	
Non-controlling interests														

2017	at 31.12.16	Change in opening balance	at 01.01.17	Allocation of net profit of previous year: Reserves	Allocation of net profit of previous year: Dividends and other allocations	Change for the year: Change in reserves	Change for the year – Equity transactions: Issue of new shares	Change for the year – Equity transactions: Purchase of treasury shares	Change for the year – Equity transactions: Extraordinary dividends	Change for the year – Equity transactions: Change in equity instruments	Change for the year – Equity transactions: Other changes	Comprehensive income at 31.12.2017	Shareholders' equity attributable to the shareholders of the Parent Company at 31.12.2017	Non-controlling interests at 31.12.2017
Share capital	5,765		5,765				161						5,926	
Share premium reserve	489,200		489,200										489,200	
Reserves:	236,885		236,885	24,145			(161)				3,847		264,716	
a) earnings	144,552		144,552	58,807			30,936						234,295	
b) other	92,333		92,333	(34,662)			(31,097)				3,847		30,421	
Valuation reserves	748		748									(1,498)	(750)	
Equity instruments													-	
Treasury shares													-	
Net profit (loss) for the year	101,180		101,180	(24,145)	(77,035)							111,293	111,293	
Shareholders' equity attributable to shareholders of the Parent Company	**833,778**		**833,778**	**-**	**(77,035)**	**-**	**-**	**-**	**-**	**-**	**3,847**	**109,795**	**870,385**	
Non-controlling interests														

ANIMA

CONSOLIDATED STATEMENT OF CASH FLOWS

thousands of euros

A. OPERATING ACTIVITIES	31/12/2018	31/12/2017
1. Operations	**136.476**	**167.644**
- Net profit (loss) for the period (+/-)	122.057	111.293
- Gains (losses) on financial assets held for trading and on financial assets/liabilities measured at fair value (+/-)		(2.554)
- Gains (losses) on hedging activities (+/-)	(1.107)	1.067
- Net adjustments of property, plant and equipment and intangible assets (+/-)	47.332	17.853
- Net provisions for risks and charges and other costs/revenues (+/-)	(2.047)	1.317
- Taxes and duties to be settled (+/-)	(33.095)	34.821
- Other adjustments (+/-)	3.336	3.847
2. Net cash flows from/used in financial assets	**113.595**	**(53.957)**
- other assets mandatorily measured at fair value	62.055	(8.812)
- financial assets measured at amortized cost	46.565	(43.480)
- other assets	4.975	(1.665)
3. Net cash flows from/used in financial liabilities	**(197.193)**	**688.402**
- financial liabilities measured at amortized cost	(158.128)	663.983
- financial laibilities at fair value	1.572	(2.266)
- other liabilities	(40.635)	26.685
Net cash flows from/used in operating activities	52.880	802.089
B. INVESTING ACTIVITIES		
1. Cash flows from	**712**	**113.738**
- Sales of equity investments	712	
- Business combinations		113.738
2. Cash flows used in	**(406.041)**	**(694.475)**
- Purchases of property, plant and equipment	(453)	(2.845)
- Purchases of intangible assets	(291.850)	(1.805)
- Purchases of subsidiaries and business units	(113.738)	(689.825)
Net cash flows from/used in investing activities	(405.329)	(580.737)
C. FINANCING ACTIVITIES		
- Issues/purchases of equity instruments	294.886	
- Distribution of dividends and other	(58.546)	(77.035)
Net cash flows from/used in financing activities	236.340	(77.035)
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS	**(116.109)**	**144.317**

* Figures presented on the basis of IFRS 9. The items "financial assets held for trading, financial assets held for sale, receivables and payables" of the statement of cash flows in the previous financial statements issued by the Bank of Italy and in force until 31 December 2017 were reclassified to these items.

RECONCILIATION

	31/12/2018	31/12/2017
Cash and cash equivalents at beginning of period	359.550	215.233
Net increase/decrease in cash and cash equivalents	(116.109)	144.317
Cash and cash equivalents: exchange rate difference		
Cash and cash equivalents at end of period	243.441	359.550

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

PART A- ACCOUNTING POLICIES

A.1 –GENERAL INFORMATION

Section 1 – Declaration of conformity with the International Accounting Standards

In accordance with Legislative Decree 38 of 28 February 2005 and in conformity with the provisions of Article 9 of Legislative Decree 38/2005 and Article 43 of Legislative Decree 136/2015, the consolidated financial statements of Anima Holding at 31 December 2018 have been prepared in accordance with the International Accounting Standards and International Financial Reporting Standards (IASs/IFRSs) issued by the International Accounting Standards Board (IASB), and the related International Financial Reporting Interpretations Committee (IFRIC) interpretations, endorsed by the European Commission in accordance with the procedures referred to in Regulation (EC) no. 1606 of July 19, 2002, as amended. No departures have been adopted in the application of the IASs/IFRSs.
The IASs/IFRSs were also applied in accordance with the “Framework for the Preparation and Presentation of Financial Statements”, with particular regard to the principles of substance over form, accruals accounting and the concepts of the relevance and materiality of the information.
The accounting policies adopted in the preparation of these consolidated financial statements for the classification, recognition, measurement and derecognition of financial assets and liabilities, as well as the methods for recognizing of revenues and costs, have changed compared with those adopted in the preparation of the 2017 consolidated financial statements.
These changes derive essentially from the mandatory application, as from 1 January 2018, of the IFRS 9 "Financial instruments" and IFRS 15 "Revenue from contracts with customers".
IFRS 9 was developed by the International Accounting Standards Board (IASB) to replace IAS 39. The new standard impacts the manner in which financial assets are classified and measured and the rationale and methods for calculating impairment and the hedge accounting model for financial derivatives. The discussion of the effects of initial application of IFRS 9 is given in the subsection “Initial application of IFRS 9” of this section.

The changes introduced by IFRS 15 can be summarized as follows:

- the introduction– in a single accounting standard – of a “common framework” for the recognition of revenue from both the sale of goods and the provision of services;
- the adoption of a “step” approach in revenue recognition;
- an “unbundling” mechanism for the allocation of the overall price of a transaction to each of the performance obligations (sale of goods and/or provision of services) contained in a sale contract.

The analysis conducted found that the accounting treatment of the various types of Group revenue is already in line with the provisions of the new standard and, as a result, the introduction of the new standard has had no material impact on the recognition of revenue.

In light of the foregoing, the new accounting policies are discussed in detail in Part A.2 "The main items of the consolidated financial statements” of these notes to the consolidated financial statements.

In 2018 the following accounting standards and amendments to existing accounting standards came into force.

International accounting standards endorsed as of 31 December 2018 and in force as from 2018

Endorsement regulation	Title	Date of entry into force
2016/1905	IFRS 15 *Revenue from contracts with customers*	01/01/2018
2016/2067	IFRS 9 *Financial Instruments*	01/01/2018
2017/1987	Amendments to IFRS 15: Clarifications	01/01/2018
2017/1988	Amendments to IFRS 4 *Insurance contracts*	01/01/2018
2018/182	*Annual improvements to IFRS standards 2014-2016 cycle*, which modified IAS 28 *Investments in associates and joint ventures*, IFRS 1 *First-time adoption of International Financial Reporting Standards* and IFRS 12 *Disclosures of interests in other entities*	01/01/2018
2018/289	Amendments to IFRS 2 *Share-based payment*	01/01/2018
2018/400	Amendments to IAS 40 *Investment property – Transfers of investment property.*	01/01/2018
2018/519	IFRIC 22 *Foreign currency transactions and advance consideration*	01/01/2018

The adoption of these standards and interpretations did not have a substantive impact on performance or financial position.

The following table sets out new international accounting standards or amendments of accounting standards with the associated endorsement regulation of the European Commission that take effect as from annual reporting periods beginning on or after 1 January 2019.

International accounting standards endorsed as of 31 December 2018 entering force after 31 December 2018

Endorsement regulation	Title	Date of entry into force
2017/1986	IFRS 16 *Leasing*	01/01/2019
2018/498	Amendments to IFRS 9 *Financial Instruments*	01/01/2019
2018/1595	IFRIC 23 *Uncertainty over income tax treatments*	01/01/2019

Particularly important is the adoption of IFRS 16 Leasing, for which further information is provided.
IFRS 16, which has replaced IAS 17 since 1 January 2019, introduces significant changes in the accounting treatment of lease transactions in the balance sheet of the lessee/user; conversely, the new standard does make significant changes for the lessors.
Previously, under IAS 17, lessees were required to make a distinction between a finance lease, which is recognized in the balance sheet, and an operating lease, for which the overall liability deriving from the contractual obligation is not recognized but the lease payments are charged to profit and loss on an accrual basis.
IFRS 16, which will take effect as from 1 January 2019, contains a new definition of lease and introduces a criterion of control (right of use) over an asset to distinguish lease contracts from service contracts, identifying the following as discriminants: (i) the identification of the asset, (ii) the right of replacement of the asset, (iii) the right to obtain substantially all of the economic benefits of use of the asset and (iv) the right to direct the use of the asset underlying the lease.
The standard, which establishes a single model for the recognition and measurement of leases for lessees. Under the new standard, a lease is a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. Specifically, the

lessee shall recognize a right-of-use asset and a lease liability, representing the payment obligations under the lease.
At initial recognition, the asset is measured on the basis of the cash flows associated with the lease contract. Following initial recognition, that asset is measured on the basis of the rules governing property, plant and equipment or intangible assets provided for under IAS 38, IAS 16 or IAS 40 and, therefore, at cost less depreciation or amortization and any impairment losses, at the revalued amount or at fair value as applicable.
In view of the above, the application of the new accounting standard will mainly have the following accounting impacts for lessees/users for any given final profitability and cash flows:

- the balance sheet will show an increase in recognized assets (the rights of use over the leased assets) and an increase in liabilities (the liability for the lease payments provided for in the lease agreement);
- the income statement will show an increase in depreciation/amortization (on the new right-of-use assets), an increase in financial expense (interest on the lease liability) and a reduction in operating expenses (lease payments).

It follows that in the initial years of application of IFRS 16, the impact on profit or loss will be greater than that established under IAS 17: depreciation/amortization rates are constant over time, while the amount of interest expense, higher in the initial years, tends to decrease over time.
Accordingly, the Company is finalizing its activities to ensure full compliance with the new standard, in particular with regard to the development of rules and policies (consistent at the Group level) to ensure the correct calculation of new assets and liabilities, their subsequent measurement and the determination of the related effects on profit or loss, the aspects that represent the main discontinuity with respect to the accounting model required under IAS 17.
The methodological choices made by the Group for the transition to IFRS 16 are summarized below and information is provided on the quantitative impacts deriving from its implementation.
The Group will apply the new accounting rules starting from the financial statements for the year starting on 1 January 2019 (initial application date).
In the transition phase, the new standard is applied to contracts previously identified as leases under IAS 17 and retrospectively recognizing, in accordance with IFRS 16, paragraphs C7-C13, the cumulative effect of initially applying the standard as an adjustment to the opening balance of retained earnings at the date of initial application, with no restatement of comparative information.
Specifically, for leases previously classified as operating leases under IAS 17, the following will be recognized:

- the lease liability calculated as the present value of the lease payments that are not paid at the transition date, discounted at the Group's incremental borrowing rate at the transition date;
- the right-of-use asset, measured at the amount equal to the lease liability at the transition date, adjusted for any deferred or accrued income in respect of the lease recognized at the closing date of these financial statements.

The future lease payments to be discounted are determined on the basis of the provisions of the lease and calculated net of VAT.
In adopting the new standard, the Group elected to not apply IFRS 16 for contracts with an intangible underlying asset.
The Company intends to elect the exemption allowed under IFRS 16, paragraph 5(a) for short-term leases for all categories of asset.
Similarly the Group intends to elect the exemption allowed under IFRS 16, paragraph 5(b) for leases for which the underlying asset is of low value (i.e. for new underlying assets with a unit value of less than €5,000).
For those contracts, the introduction of IFRS 16 will not involve the recognition of a lease liability and the associated right-of-use asset but rather the recognition of the lease payments as an expense through profit or loss on a straight-line basis over the term of the lease.
In addition, with regard to the rules governing the transition, the Group will adopt the following practical expedients available in the case of adoption of the modified retrospective method for the transition:

- exclusion of initial direct costs from the measurement of the right-to-use asset at 1 January 2019;
- classification of leases expiring within 12 months of the transition date as short-term leases. Lease payments on those contracts will be recognized in profit or loss on a straight-line basis;
- use of experience acquired and information available at the transition date to determine the lease term, with specific regard to the exercise of options to extend or terminate early a lease. We consider the non-cancellable period of the lease, established in the contract, during which the lessee has the right to use the underlying asset, taking account of any options to extend the lease where the lessee is reasonably certain to exercise that option.

More specifically, with regard to the lease term for new contracts, the Group has decided:

- for property leases, to consider only the first renewal as reasonably certain, unless there are contractual clauses that forbid this or fact or circumstances that suggest that additional renewals should be considered or that the lease is terminated;
- for leases of automobiles or hardware, even where a renewal option is present, to not consider renewal as reasonably certain.

For contracts outstanding at the date of first-time adoption, a renewal period is added if the contract is in the initial contract period (i.e. the first renewal option has not yet been exercised) or if the contract is in a renewal period following the first but the deadline for notifying the cancellation has expired.
In the transition phase, for all types of leases, we considered that it was not reasonably certain that the option for early termination would be exercised.
With respect to the minimum payments due for leases pursuant to IAS 17, the liabilities that will be recognized in the first IFRS 16 financial statements will primarily include the increase in liabilities in respect of lease payments for the periods covered by the lease termination option in which the Group, as a lessee, is reasonable certain that it will no exercise the option and the discounting effect of applying an average rate of 1.325%.
During the transition, the application of the new standard will entail the recognition, in the same value, of assets consisting of the right of use (for property, hardware and automobiles) and lease liabilities of about €14.6 million. The impact on profit or loss is not expected to be material.

International accounting standards not yet endorsed as of 31 December 2018

Type	Standard/ Interpretation	Date of publication
New standard	IFRS 17 *Insurance contracts*	18/05/2017
Amendments	Amendments to IAS 28 *Investments in associates and joint ventures*	12/10/2017
Amendments	*Annual improvements to IFRS standards 2015-2017 cycle*, which modified IFRS 3 *Business combinations*, IFRS 11 *Joint arrangements*, IAS 12 *Income taxes* and IAS 23 *Borrowing costs*	12/12/2017
Amendments	Amendments to IAS 19 *Employee benefits*	07/02/2018
Amendments	Amendments to IFRS 3 *Business combinations*	23/10/2018
Amendments	Amendments to IAS 1 *Presentation of financial statements* and IAS 8 *Accounting policies, changes in accounting estimates and errors*	02/11/2018

The introduction and amendments of the standards indicated above do not have an impact on the consolidated financial statements as they will not apply until they have been endorsed by the European Commission with the issue of specific regulations.

Initial application of IFRS 9

IFRS 9 is structured into three different areas: classification and measurement of financial instruments, impairment and hedge accounting.

With regard to the first area, IFRS 9 provides for the classification of financial assets to be guided by the characteristics of the associated contractual cash flows and the management intent (business model) under which those assets are held. In place of the four accounting categories envisaged under IAS 39, financial assets under IFRS 9 are classified – on the basis of the two drivers referred to above – in three categories:

1. financial assets measured at amortized cost;
2. financial assets measured at fair value through other comprehensive income (for debt instruments, the reserve is recycled to profit or loss in the event of the transfer of the instrument); or
3. financial assets measured at fair value through profit or loss.

Financial assets held to collect cash flows (“held to collect” or “HTC”) or to collect cash flows and for sale (“held to collect and sale” or “HTCS”) can be recognized in the first two categories and therefore be measured at amortized cost or at fair value through other comprehensive income (“HTCS”) only if it is demonstrated that those assets give rise to cash flows that are solely payments of principal and interest (the “SPPI test”).
Financial assets held for trading (“HFT”) or for purposes other than the foregoing, as well as equity securities, are always classified in the third category and measured at fair value through profit or loss, except where the entity opts (irrevocably at initial recognition) to recognize changes in the value of equity instruments not held for trading in an equity reserve that will never be recycled through profit or loss, even if the financial instrument is transferred (financial assets measured at fair value through other comprehensive income without recycling).
The classification and measurement of financial liabilities have not changed substantially from their treatment under IAS 39.
With regard to impairment, financial instruments measured at amortized cost or at fair value through other comprehensive income (other than equity instruments) are now assessed on the basis of “expected loss” instead of the previously used “incurred loss”, so as to recognize any losses in a more timely manner. IFRS 9 requires entities to recognize losses expected in the next 12 months (stage 1) from the time of initial recognition of the financial instrument.
The time horizon for calculating expected losses becomes the entire residual lifetime of the asset where the credit quality of the financial instrument has experienced a “significant” deterioration compared with initial recognition (stage 2) or if it is found to be impaired (stage 3).
Finally, the new hedge accounting model – which does not regard macro-hedging – seeks to align accounting treatment with risk management activities and strengthen disclosure of those activities undertaken by the reporting entity.
The impact of initial application of IFRS 9 on the consolidated financial statements of the Group mainly arise in respect of the financial instruments that until 31 December 2017 had been classified under “financial assets available for sale” and “Financial assets held for trading”, represented by units in funds and by Italian government securities. For those securities, which are not held by the Group for trading purposes, the new standard retains measurement at fair value but through profit or loss rather than through an equity reserve.
The Group has elected to exercise the option provided for in paragraph 7.2.15 of IFRS 9 and paragraphs E1 and E2 of IFRS 1 “First-time adoption of International Financial Reporting Standards”, under which – without prejudice to the retrospective application of the new measurement and presentation rules of the standard – mandatory restatement on a uniform basis of comparative information is not obligatory at first-time adoption of the new standard. The differences between the previous carrying amounts and the carrying amounts at the start of the period of initial application are recognized in the opening balance of “other reserves”. In order to facilitate the comparison of the values for the different periods, the comparative balances for the items affected by the application of IFRS 9 have been reclassified in the new classes provided for under the standard and under the new Instructions for the preparation of the financial statements of IFRS financial intermediaries other than banks issued by the Bank of Italy on 22 December 2017.

The new IFRS 9 has been applied as from the 2018 financial year. On the basis of the circumstances present at the date of initial application (1 January 2018), the Group determined which class of assets provided for under the new standard applied to the assets it holds. The assessment led to the recognition of the Group's financial assets under "financial assets measured at fair value through profit or loss".
The measurement criteria for the financial assets have not changed with the application of the new standard, as they were already measured at fair value. However, certain financial assets had been classified under IAS 39 as "assets available for sale", with changes in fair value recognized in a valuation reserve. At the date of initial application of the new standard, that reserve was closed and recognized under reserves in the negative amount of about €0.1 million.
As of the date of initial application, the provisions governing impairment were applied to determine whether it was necessary to recognize a loss allowance for financial assets measured at amortized cost. In view of the fact that the assets involved consisted solely of receivables in respect of asset management fees and costs paid on behalf of the assets under management falling due within 12 months, comparable to trade receivables, and of bank deposit and current accounts, the simplified method envisaged under the new standard was applied: following assessment, it was determined that it was not necessary to recognize any loss allowance.
The following table provides a reconciliation of the balance-sheet figures reported in the last approved financial statements and the amounts reported in these interim financial statements for comparative purposes.

Values at date of initial application: 1 January 2018
Assets - thousands of euros

Items in financial statements in effect as from 1 January 2018	Cash and cash equivalents 10.	Financial assets measured at fair value through profit or loss 20.	a) financial assets held for trading	b) financial assets designated at fair value	c) other financial assets mandatorily measured at fair value	Financial assets measured at fair value through other comprehensive income 30.	Financial assets measured at amortized cost 40.	Hedging derivatives 50.	Value adjustment of macro-hedged financial assets (+/-) 60.	Equity investments 70.	Property, plant and equipment 80.	Intangible assets 90.	of which:	*- goodwill*	Tax assets 100.	a) current	b) deferred	Non-current assets and disposal groups 110.	Other assets 120.	**Total assets**
Items in financial statements in effect until 31 December 2017																				
10. Cash and cash equivalents	7																			7
20. Financial assets held for trading		65,129			65,129															65,129
40. Financial assets available for sale		85,555			85,555															85,555
60. Receivables							478,382													478,382
a) for asset management							118,440													118,440
b) other receivables							359,942													359,942
100. Property, plant and equipment											3,546									3,546
110. Intangible assets												1,389,191		*1,329,010*						1,389,191
120. Tax assets															6,965					6,965
a) current																3,315				3,315
b) deferred																	3,650			3,650
130. Non-current assets and disposal groups																		712		712
140. Other assets																			33,055	33,055
Total assets	**7**	**150,684**			**150,684**		**478,382**				**3,546**	**1,389,191**		***1,329,010***	**6,965**	**3,315**	**3,650**	**712**	**33,055**	**2,062,542**

The amounts reported in the table regard the data in the 2017 consolidated financial statements prior to restatement to reflect the impact of the PPA for the Gestielle SGR business combination.

Values at date of initial application: 1 January 2018
Liabilities and equity - thousands of euros

Items in financial statements in effect as from 1 January 2018	10. Financial liabilities measured at amortized cost	a) Debt	b) Securities issued	20. Financial liabilities held for trading	30. Financial liabilities designate al fair value	40. Hedging derivatives	50. Value adjustment of macro-hedged financial liabilities (+/-)	60. Tax liabilities	a) current	b) deferred	70. Liabilities associated with disposal groups held for sale	80. Other liabilities	90. Deferred remuneration benefits	100. Provisions for risks and charges:	a) commitments and guarantees issued	b) post-employment benefits and similar obligations	c) other provisions	110. Share capital	120. Own shares (-)	130. Equity instruments	140. Share premium reserve	150. Reserves	160. Valuation reserves	170. Net profit (loss) for the period	Total liabilities and shareholders' equity
Items in financial statements in effect until 31 December 2017																									
10. Debt	936,126	936,126																							**936,126**
50. Hedging derivatives	-																								**-**
70. Tax liabilities								55,822																	**55,822**
a) current									34,229																**34,229**
b) deferred										21,593															**21,593**
90. Other liabilities												194,079													**194,079**
100. Deferred remuneration benefits													2,647												**2,647**
110. Provisions for risks and charges														3,483											**3,483**
a) post-employment benefits and similar obligations															6										**6**
b) other provisions																	3,477								**3,477**
120. Share capital																		5,926							**5,926**
150. Share premium reserve																					489,200				**489,200**
160. Reserves																						264,716			**264,716**
170. Valuation reserves																						(99)	(651)		**(750)**
180. Net profit (loss) for the period																								111,293	**111,293**
Total liabilities and shareholders' equity	**936,126**	**936,126**						**55,822**	**34,229**	**21,593**		**194,079**	**2,647**	**3,483**	**6**		**3,477**	**5,926**			**489,200**	**264,617**	**(651)**	**111,293**	**2,062,542**

The amounts reported in the table regard the data in the 2017 consolidated financial statements prior to restatement to reflect the impact of the PPA for the Gestielle SGR business combination.

Section 2 – General preparation principles

The consolidated financial statements are composed of the consolidated balance sheet, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the consolidated statement of changes in equity and the explanatory notes to the financial statements. They have been prepared in accordance with the new instructions for the preparation of the financial statements of IFRS financial intermediaries other than banks issued by the Bank of Italy, in the exercise of the powers established with the provisions of Article 9 of Legislative Decree 38/2005 and Article 43 of Legislative Decree 136/2015, with its measure of 22 December 2017. The instructions establish binding formats for the financial statements and required procedures for completing them, as well as for the content of the notes to the financial statements.

The financial statements have been prepared on a going-concern basis, considered appropriate in the light of performance and the outlook for the Company in accordance with the principle of accrual accounting, complying with the principle of the materiality and significance of information and the prevalence of substance over form. There were no significant events or circumstances that might raise doubts about the ability of the company to operate as a going concern.

In addition to the amounts for the period under review, the tables also show the corresponding comparative figures at 31 December 31, 2017 restated to reflect the definitive allocation of the cost of the acquisition of Aletti Gestielle SGR S.p.A. (Gestielle SGR).

The purchase price allocation ("PPA") process for the definitive allocation of the price paid to Banco BPM for the acquisition of Gestielle was finalized in the first half of 2018. As provided for in IFRS 3 ("Business combinations"), the consolidated financial statements at 31 December 2017 were restated to reflect the definitive allocation to intangible assets of the positive difference between the cost of the acquisition and the fair value (net of any deferred tax effects) of the assets, which identified intangible assets, liabilities and contingent liabilities from the consolidation of Gestielle. The following table presents a reconciliation with the balance-sheet figures originally published in the consolidated financial statements at 31 December 2017 (presented in conformity with the new provisions of the Bank of Italy) and the amounts reported in these interim financial statements for the same period.

Reconciliation of the consolidated balance sheet at 31 December 2017 and the consolidated balance sheet at 31 December 2017 restated

	Assets	31/12/2017	Gestielle PPA	31/12/2017 Restated
10.	Cash and cash equivalents	7		7
20.	Financial assets measured at fair value through profit or loss	150,684		150,684
	c) other financial assets mandatorily measured at fair value	150,684		150,684
40.	Financial assets measured at amortized cost	478,382		478,382
80.	Property, plant and equipment	3,546		3,546
90.	Intangible assets	1,389,191	112,467	1,501,658
	of which:			
	- goodwill	1,329,010	(267,874)	1,061,136
100.	Tax assets	6,965		6,965
	a) current	3,315		3,315
	b) deferred	3,650		3,650
110.	Non-current assest and disposal groups	712		712
120.	Other assets	33,055		33,055
	TOTAL ASSETS	2,062,542	112,467	2,175,009

	Liabilities and shareholders' equity	31/12/2017	Gestielle PPA	31/12/2017 Restated
10.	Financial liabilities measured at amortized cost	936,126		936,126
	a) Debt	936,126		936,126
60.	Tax liabilities	55,822	112,467	168,289
	a) current	34,229		34,229
	b) deffered	21,593	112,467	134,060
80.	Other liabilities	194,079		194,079
90.	Deferred remuneration benefits	2,647		2,647
100.	Provisions for risks and charges:	3,483		3,483
	a) committments and guarantees issued	6		6
	b) Post-employment benefits and similar obligations			
	c) other provisions	3,477		3,477
110.	Share capital	5,926		5,926
120.	Own shares (-)			
130.	Equity instruments			
140.	Share premium reserve	489,200		489,200
150.	Reserves	264,716		264,716
160.	Valutation reserve	(750)		(750)
170.	Net profit (loss) for the year	111,293		111,293
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,062,542	112,467	2,175,009

Note that in the 2017 consolidated financial statements the consolidation of the net assets of Gestielle SGR used the values reported as at 31 December 2017. Accordingly, the consolidated income statement and the consolidated statement of comprehensive income (at that date) only report the performance figures for the operations of the Parent Company and the subsidiaries Anima SGR SpA ("Anima SGR") and Anima Asset Management Ltd ("Anima AM Ltd").
In accordance with Article 5, paragraph 2, of Legislative Decree 38 of 28 February 2005, the euro has been adopted as the currency of account in the preparation of the financial statements.
Unless otherwise specified, the amounts in the financial statements are expressed in thousands of euros.
Items with zero balances for the two years under review are excluded from the balance sheet, income statement or statement of comprehensive income. Similarly, the explanatory notes to the financial statements do not include sections and/or tables concerning items for which no amounts are reported.
Assets and liabilities and costs and revenues were offset only if required or permitted by a standard or its interpretation.
As provided for under IAS 7, paragraphs 45 and 46, the reconciliation of the statement of cash flows considers cash and current account items at the start and end of the period as the "cash equivalent" aggregate.

Section 3 – Subsequent events to the reporting date

As of 27 February 2019, the date the Board of Directors approved the consolidated financial statements, no significant event had occurred that would require an adjustment or would modify the values of the assets and liabilities or require disclosure in the explanatory notes. Please note that:

- as from 1 January 2019, the subsidiary Anima SGR was appointed Management Company of the Irish Sicav Anima Funds Plc;
- on 9 January 2019, a program for the purchase of treasury shares was launched by the Parent Company based on the authorization approved by the Shareholders' Meeting of 21 December 2018. Please see the section "Other information – Purchase of treasury shares" in the consolidated report on operations accompanying these consolidated financial statements for more information. The Parent Company publishes disclosures on the program on a weekly basis, reporting the number, average price and value of the treasury shares purchased on the *Mercato Telematico Azionario* (MTA) in the specified period. On the basis of the information provided by the intermediary UBS Limited following the announced purchases, as at 22 February 2019 the Parent Company holds 5,433,990 treasury shares, equal to about 1.43% of share capital;
- on 29 January 2019, the Board of Directors of Anima SGR approved the Purchase Price Allocation ("PPA") for the definitive allocation of the price for the demerger of the business unit ("Demerged Business") from BancoPosta Fondi S.p.A. SGR ("BPF"). The PPA was also approved by the Board of Directors of the Parent Company on 6 February 2019;
- on 6 February 2019, the Board of Directors of the Parent Company approved the Group budget for 2019;
- on 13 February 2019, the administrative body of the Irish indirect subsidiary Anima AM Ltd approved the financial statements at 31 December 2018, with a net profit of about €22.2 million;
- on 15 February 2019, the Board of Directors of the direct subsidiary Anima SGR approved its draft financial statements at 31 December 2018, showing a net profit of about €171.6 million;
- on 15 February 2019, the Board of Directors of Anima SGR approved changes to the policy "Criteria and procedures for the determination of the commitments undertaken for the management of pension funds accompanied by a capital repayment guarantee", which was submitted for an opinion of the audit firm (Deloitte & Touche SpA) and the control body (Board of Auditors), and must be sent to the Bank of Italy under applicable regulations;
- on 27 February 2019, the Board of Directors of the Parent Company approved the measurement technique adopted to estimate the recoverable value of the "Anima Cash

Generating Unit" at 31 December 2018, supported by a fairness opinion from KMPG Advisory S.p.A.;
- the Group's net funding in January 2019 was about €142 million. Assets under management at the end of the month totaled about €176 billion, an increase of over €3 billion on the end of December 2018 thanks to net funding in January and the gains posted by the financial markets.

Section 4 – Other information

As regards the disclosures required under IAS 10 concerning the publication of financial information, these financial statements were approved by the Board of Directors of the Parent Company on 27 February 2019.

Use of estimates and assumptions in financial reporting

The preparation of financial reports requires the use of estimates and assumptions that can have a significant impact on the values reported in the consolidated balance sheet and the consolidated income statement, as well as on disclosures concerning the contingent assets and liabilities reported in the consolidated financial statements. The preparation of these estimates involves the use of available information and the adoption of subjective assessments, based in part on experience, in order to formulate reasonable assumptions for the recognition of operating events. By their very nature, estimates and assumptions used may vary from year to year and, therefore, the amounts recognized in the financial statements may vary significantly in subsequent years, due to changes in the subjective assessments used.
The main circumstances for which management makes greatest use of subjective assessments are:

- the identification and quantification of any losses due to impairment of goodwill and other intangible assets recognized in the consolidated financial statements;
- the determination of the fair value of financial instruments not listed on active markets (hedging derivatives);
- the quantification of provisions for risks and charges, with specific reference to estimated liabilities in respect of personnel and legal and tax disputes;
- the estimates and assumptions concerning the recoverability of deferred tax assets;
- the estimates and assumptions concerning the determination of the actuarial value of the deferred compensation benefits (*trattamento fine rapporto*, or TFR);
- the allocation of the purchase price in business combinations (PPA);
- the estimates and assumptions concerning the determination of the fair value of the units connected with Long-Term Incentive Plans (LTIP);
- the estimates and assumptions concerning the recoverability of prepayments relating to the one-off commissions paid to distributors;
- the estimates concerning the determination of the commitments connected with guarantees given by the subsidiary Anima SGR for pension fund segments which provide for the repayment of capital.

A new estimation model was implemented for those pension segment guarantees during the year. Please see "Part B - Information on the Balance Sheet - Liabilities - Section 10 Provisions for risks and charges" of these notes to the financial statements for more details.

Long Term Incentive Plan

On 21 June 2018, the Shareholders' Meeting of Anima Holding approved the 2018-2020 Long Term Incentive Plan (the "Plan" or "LTIP"), based on the financial instruments issued by Anima Holding SpA, to be granted free of charge to employees of the Parent Company and the subsidiaries who perform key functions and roles within the Group (the "Beneficiaries"). During the session addressing extraordinary business, the same Shareholders' Meeting authorized the Board of Directors, pursuant to Article 2443 of the Italian Civil Code, to carry out a bonus capital increase for Anima Holding SpA in one or more instalments by the final time limit of 21 June 2023, through the issue of a maximum of 8,780,353 ordinary shares with no par value (the "Shares"), up to a maximum of 2.31% of share capital (percentage at the date of approval of the Plan), to be granted, pursuant to Article 2349 of the Civil Code, to employees and/or categories of employees of the Parent Company and/or its subsidiaries, implementing the Plan by drawing on a corresponding amount of profit and/or profit reserves reported in the approved financial statements, up to a maximum amount of €168,470.
The Plan is intended to: (i) involve management personnel whose activities are considered of key importance to achieving the objectives of the Anima Group, (ii) strengthen the loyalty of management to the Group, encouraging such personnel to remain with Anima, (iii) share and align the medium/long-term interests of management with those of the Anima Group and the shareholders (the Plan makes a significant portion of the variable remuneration of the Beneficiaries contingent on achieving corporate performance objectives) and (iv) facilitate the attraction and retention of talent.
The Plan is one of the range of tools used to supplement the remuneration packages of the key managers of the Anima Group, with remuneration deferred over an appropriate period of time and variable components linked to achievement of performance objectives (Vesting Conditions), with a view to creating medium/long-term value for shareholders.

The Plan provides for the grant to the Beneficiaries of a maximum of 8,780,353 exercisable rights (the "Units") entirely or in part on the basis of achievement of the Vesting Conditions. Each unit that vests will entitle the holder to receive a bonus share.
The period of deferral during which the Parent Company – on the basis of the performance achieved in the reference years and the assessment of the need to apply an ex post adjustment mechanism, such as a malus clause – will determine at its discretion whether the Units have vested for each individual Beneficiary in their entirety or, conversely, that the vested Units shall be reduced or cancelled is defined as the "Vesting Period".
The Plan is structured over a period of three full financial years, beginning with 2018 (with three 3-year observation periods for the Vesting Conditions : 2018-2020, 2019-2021, 2020-2022).

The full number of Units due to each Beneficiary is determined and granted in a single amount and will be awarded in three separate instalments as follows:

- 34% of the Units in the first 3-year period 2018-2020 - "2018-2020 Units";
- 33% of the Units in the second 3-year period 2019-2021 - "2019-2021 Units";
- 33% of the Units in the third 3-year period 2020-2022 - "2020-2022 Units".

Exercise of the Units is subject to satisfaction of the following conditions:

a) the full or partial satisfaction of the Vesting Conditions detailed below

	Performance parameters	Percentage of Units vesting with achievement of performance objectives
Non-market conditions	Level of net funding (LNF): Anima Group performance compared against competitors in terms of the increase in net funding, i.e. the ratio between i) net cumulative funding in each three-year period of the Plan and ii) the asset under management (AUM) of the Anima Group at 31 December, as reported in the consolidated financial statements of the Group for the year prior to the start of each three-year period.	25%
	EPS: achievement by the Anima Group of a specified level of cumulative normalized consolidated earnings per share (Adjusted EPS) for each three-year period of the Plan.	50%
Market conditions	**TRS**: comparative performance with respect to a specified group of Italian and foreign listed companies operating in the same sector as Anima Holding in terms of total return to shareholders for each three-year period of the Plan.	25%

b) the Vesting Period has passed;
c) at the Vesting Date of the Units by Beneficiary, that Beneficiary shall be in service (service condition.

The 2018-2020 Units, the 2019-2021 Units and the 2020-2022 Units may be exercised, respectively, in the period between (i) the date of the Ordinary Shareholders' Meeting called to approve the separate financial statements of the Company at, as the case may be, 31 December 2020, 31 December 2021 or 31 December 2022 and (ii) the thirtieth day following that date, during which the Units may be exercised by the Beneficiary (exercise period), subject to verification of satisfaction of the Vesting Conditions and the service condition.
At the end of the Vesting Period, bonus shares shall be awarded to the Beneficiaries. The shares are subject to a lock-up period of 6 months from the date of each effective award. The Plan rules also provide for ex-post corrective measures (clawback and malus clauses).
If a public tender offer or a public exchange offer involving Anima Holding's shares before the date of award of the shares is announced, the Plan will be terminated in advance with respect to the original termination date (31 December 2022) and the related obligations will be modified or proportionally reduced to take into account the shorter duration of the Plan.

At the date of the approval of the Plan by the Shareholders' meeting of the Company, 41.75% of the total number of Units ("Grant Date 21/06/2018") had been granted, as follows:

- ✓ 15% of the total number of Units to the General Manager of Anima SGR and the Chief Executive Officer of Anima Holding and Anima SGR;
- ✓ 7.5% of the total number of Units to the General Manager of Anima Holding and the Deputy General Manager Finance & Operations of Anima SGR (as from 1 December 2018, Joint General Manager of Anima SGR);
- ✓ 6.5% of the total number of Units to the Head of Marketing & Distribution (now Business Development) of Anima Holding and the Deputy General Manager Distribution & Marketing (now Commercial) of Anima SGR;
- ✓ 6.5% of the total number of Units to the Head of Investments & Products (now Markets and Investments) of Anima Holding and the Deputy General Manager Investments & Products (now Investments) of Anima SGR;
- ✓ 2.75% of the total number of Units to the General Manager of Gestielle SGR (until the date of the merger into Anima SGR), then appointed, as from 1 December 2018, Deputy General Manager Operations of Anima SGR;
- ✓ 3.5% of the total number of Units to the General Manager of Anima Asset Management Ltd, who as from 1 October 2018 became Group CFO and HR Director with the Parent Company.

On 20 July 2018, an additional 34.5% of the total Units were granted to ten Beneficiaries selected by the Chief Executive Officer of Anima Holding (under the authorization from the Shareholders' Meeting) from among the main managers of the Company and the subsidiaries on the basis of their strategic importance and individual performance ("Grant Date 20/07/2018").

On 20 November 2018, an additional 19.75% of the total Units were granted to 33 Beneficiaries selected by the Chief Executive Officer of Anima Holding from among other main managers of the Company and the subsidiaries on the basis of their strategic importance and individual performance ("Grant Date 20/11/2018").

The remaining 4 % of the total Units will be granted, using the same criteria described above, by 30 June 2019, with the Company's Chief Executive Officer authorized to allocate part of the residual Units to possible newly hired key managers. If any unallocated Units remain, these will be granted to the Beneficiaries identified above, with the exception of those designated with the grant of 21 June 2018.

For the purposes of recognition in the financial statements, the term of the Plan ("Vesting Period"), for the Units granted at the Grant Date 21/6/2018 (41.75% of the Plan) is:

- 34 months for the 2018-2020 Units, from 1 July 2018 to 30 April 2021 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2020);
- 46 months for the 2019-2021 Units, from 1 July 2018 to 30 April 2022 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2021);
- 58 months for the 2020-2022 Units, from 1 July 2018 to 30 April 2023 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2022);

while the Vesting Period for the Units granted at the Grant Date 20/7/2018 (34.5% of the Plan) is:

- 33 months for the 2018-2020 Units, from 1 August 2018 to 30 April 2021 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2020);
- 45 months for the 2019-2021 Units, from 1 August 2018 to 30 April 2022 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2021);
- 57 months for the 2020-2022 Units, from 1 August 2018 to 30 April 2023 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2022);

and the Vesting Period for the Units granted at the 20/11/2018 (19.75% of the Plan) is:

- 29 months for the 2018-2020 Units, from the 1 December 2018 to 30 April 2021 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2020);
- 41 months for the 2019-2021 Units, from 1 December2018 to 30 April 2022 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2021);
- 53 months for the 2020-2022 Units, from 1 December 2018 to 30 April 2023 (presumed date of approval by the Shareholders' Meeting of Anima Holding of the financial statements for the year ending 31 December 2022);

Pursuant to IFRS 2, the Plan is to be considered a share-based payment for services rendered by the Beneficiary over the term of the Plan. The Plan is to be considered equity-settled (paid in shares).
Therefore, the company receives services from employees in exchange for equity instruments. Since it is objectively impossible to estimate the fair value of the services received, the fair value of the Plan is estimated by referring to the fair value, at the respective grant dates, of the equity instruments of the Company granted.
Consequently, at each Grant Date, the Units granted represent specific plans in relation to the respective fair value identified, with appropriate distinct quantification.
This fair value at initial recognition is not modified subsequently: any subsequent changes are determined solely by developments in the non-market Vesting Conditions.
At the grant date, the fair value of the Plan is calculated taking account only of the effects of any market conditions (market condition - "TRS"). The other conditions provide for the Beneficiaries to complete a specified period of service (service condition) or to achieve specified performance targets (performance condition/non-market condition - "EPS" and "LNF") and are considered solely for the purpose of allocating the cost over the Vesting Period of the Plan and the final cost of the Plan.
The Parent Company will engage an independent external advisor to estimate the fair value of the plan, using methods and assumptions consistent with applicable regulations in conformity with IFRS 2 "Share-based payment".

The cost of the EPS, LNF and TRS conditions

The cost of each of these Plan conditions is determined by multiplying the fair value by the number of Units that are expected to vest for each condition by the end of the Vesting Period. The estimate depends on assumptions concerning the number of Beneficiaries that will meet the service condition and the probability of achieving the performance conditions: the probability measured at each grant date was 100%, as confirmed at the reporting date for these consolidated financial statements.
The cost of each of the conditions is allocated proportionately over the Vesting Period. The cost is recognized by the entity with which the Beneficiary has the employment relationship. At each reporting date, that entity recognizes the expense under "Personnel expenses" and in equity under "Other equity instruments".
The estimate of the number of Units that are expected to vest at the end of the Vesting Period is reviewed at each reporting date until the end of the Vesting Period, when the definitive number of vested Units accrued by the Beneficiaries is determined (the fair value is never recalculated over the term of the Plan).
In the event of a revision of the initial number of Units, the change is implemented by determining the estimated cumulative cost at the reporting date and recognizing an expense through profit or loss, net of the previously recognized cumulative cost. Under the provisions of IFRS 2, the failure to achieve the TRS market condition does not result in the remeasurement of the cost of the Plan.
At the end of the Vesting Period, the following situations might obtain:

- - the Vesting Conditions (service and performance conditions) have not been satisfied, either in whole or in part. In this case the cost of the unvested Units is recognized by reversing the "other equity instruments" reserve through "personnel expenses" for the failure to satisfy the condition;
- - the Vesting Conditions (service and performance conditions) are satisfied, either in whole or in part: IFRS 2 does not set out accounting criteria for this case. Accordingly, the Company has selected an accounting treatment involving reclassification of the "other equity instruments" reserve to "other reserves" upon final vesting of the cost of the Plan.

- At the Grant Date 21/6/2018 the fair value of each 2018-2020 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €4.46, while the fair value of each 2018-2020 Unit for the TRS condition (market condition) of the Plan was €2.15. The total fair value of the 2018-2020 Units granted on 21 June 2018 was about €4.8 million.
- At the Grant Date 21/6/2018 the fair value of each 2019-2021 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €4.33, while the fair value of each 2019-2021 Unit for the TRS condition (market condition) of the Plan was €2.51. The total fair value of the Units 2019-2021 granted on 21 June 2018 was about €4.7 million.
- At the Grant Date 21/6/2018 the fair value of each 2020-2022 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €4.21, while the fair value of each 2020-2022 Unit for the TRS condition (market condition) of the Plan was €2.52. The total fair value of the 2020-2022 Units granted on 21 June 2018 was about €4.6 million.

- At the Grant Date 20/7/2018 the fair value of each 2018-2020 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €4.19, while the fair value of each 2018-2020 Unit for the TRS condition (market condition) of the Plan was €1.86. The total fair value of the 2018-2020 Units granted on 20 July 2018 was about €3.7 million.
- At the Grant Date 20/7/2018 the fair value of each 2019-2021 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €4.07, while the fair value of each 2019-2021 Unit for the TRS condition (market condition) of the Plan was €2.35. The total fair value of the 2019-2021 Units granted on 20 July 2018 was about €3.6 million.
- At the Grant Date 20/7/2018 the fair value of each 2020-2022 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €3.95, while the fair value of each 2020-2022 Unit for the TRS condition (market condition) of the Plan was €2.36. The total fair value of the 2020-2022 Units granted on 20 July 2018 was about €3.6 million.

- At the Grant Date 20/11/2018 the fair value of each 2018-2020 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €3.09, while the fair value of each 2018-2020 Unit for the TRS condition (market condition) of the Plan was €1.01 The total fair value of the 2018-2020 Units granted on 20 November 2018 was about €1.5 million.
- At the Grant Date 20/11/2018 the fair value of each 2019-2021 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €3.00, while the fair value of each 2019-2021 Unit for the TRS condition (market condition) of the Plan was €1.73. The total fair value of the 2019-2021 Units granted on 20 November 2018 was about €1.5 million.
- At the Grant Date 20/11/2018 the fair value of each 2020-2022 Unit for the EPS and LNF conditions (non-market conditions) of the plan was €2.91, while the fair value of each 2020-2022 Unit for the TRS condition (market condition) of the Plan was €1.74. The total fair value of the 2020-2022 Units granted on 20 November 2018 was about €1.5 million.

At 31 December 2018 the amount recognized through consolidated profit or loss was equal to €3.3 million. See the following section on “Main items of the consolidated financial statements – Share-based payment” for more information on the accounting treatment adopted.
The terms and conditions of the Plan, and the characteristics of the Units granted, are described in the disclosure document prepared pursuant to Article 84-bis, paragraph 1, of the Issuers Regulation and in accordance with Scheme 7 of Attachment 3A published on the website of Anima Holding at www.animaholding.it.

Section 5 - Scope and methods of consolidation

1 Investments in subsidiaries
The following table reports fully-consolidated equity investments in the consolidated financial statements at 31 December 2018:

	Headquarters	Registered office	Type of relationship (a)	Investment		% availability of votes (b)
				Investor	% holding	
Anima SGR S.p.A.	Milan – Italy	Milan – Italy	1	Anima Holding S.p.A.	100%	
Anima Asset Management Ltd	Dublin - Ireland	Dublin - Ireland	1	Anima SGR S.p.A.	100%	

a) Type of relationship: 1=majority of voting rights in ordinary shareholders' meeting
b) Where this differs from percentage interest, the percentage of votes in the ordinary shareholders' meeting is given, distinguishing between actual and potential votes

On 1 November 2018 the partial demerger of a business unit ("Demerged Business") of BancoPosta Fondi S.p.A. SGR (hereinafter also "BPF"), a subsidiary of Poste Italiane, in favor of Anima SGR took effect, with the assignment to the latter of the assets, liabilities and legal relationships connected with the management of government assets underlying the life insurance activities carried out on behalf of Poste Vita SpA by BancoPosta Fondi SGR.
As a result of the demerger, Poste received a number of Anima SGR shares issued to service the acquisition of the Demerged Business, which were simultaneously purchased by Anima Holding for €120 million paid in cash. For more information on the transaction, please see the section "Significant events for Anima Group" in the report on operations accompanying these consolidated financial statements.
As the partial demerger of the BPF business represented the transfer of a business unit it was accounted for in accordance with IFRS 3 in the separate financial statements of Anima SGR, the company that acquired control of the demerged business. For more on the accounting treatment of the acquisition, please see the section below "Other information – Business combinations – Transactions carried out during the year".
Finally, on 1 December 2018, the merger of Gestielle SGR into Anima SGR took legal effect, with accounting and tax effects at 1 January 2018. The transaction involved companies under common control and had no impact on the consolidated financial statements.

2 Significant considerations and assumptions used to determine the scope of consolidation
Subsidiaries are those entities for which Anima Holding is exposed to the variable returns, or holds rights to those returns, from its involvement with the investee and, at the same time, has the ability to exercise its power over the investee to affect the amount of those returns.
Control exists only if the investor simultaneously:
- has the power to direct the relevant activities of the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect the amount of the investor's returns.

More specifically, the Group considers the following factors in assessing the existence of control:
- the purpose and design of the investee – in order to determine the objectives of the entity, its relevant activities (i.e. those which are those that significantly affect the investee's returns) and how those activities are governed;
- power – in order to determine whether the Group has contractual rights that give it the ability to direct the relevant activities;
- the exposure to variable returns from an investee – in order to determine whether the return to the Group can potentially vary in relation the results achieved by the investee.

Once the existence of control has been determined, the Group takes account of the following factors to determine whether it is acting as a principal or as an agent:
- the scope of its decision-making authority over the relevant activities of the investee;
- the rights held by other parties;

- the remuneration to which it is entitled;
- the Group's exposure to variability of returns from any interest that it holds in the investee.

IFRS 10 defines relevant activities as only those activities that significantly affect the investee's returns.

In general, when the relevant activities are directed through voting rights, the following factors provide evidence of control:

a) the holding, directly or indirectly, of more than half of the voting rights of an entity, unless, in exceptional circumstances, it can clearly be demonstrated that the holding does not grant control;
b) the holding of half, or fewer, of the voting rights that can be exercised in the shareholders' meeting and the practical ability to direct the relevant activities unilaterally through:
   - control of more than half of the voting rights by virtue of an agreement with other investors;
   - the power to determine the financial and operating policies of the entity under the provisions of the bylaws or a contract;
   - the power to appoint or remove a majority of the members of the board of directors or equivalent governing body;
   - the power to exercise a majority of voting rights in meetings of the Board of Directors or equivalent governing body.

In order to exercise these powers, it is necessary that the rights held by the Group over the investee are substantive. To be substantive, rights need to be exercisable when decisions about the direction of the relevant activities need to be made.

3 Investments in subsidiaries with significant non-controlling interests

The Group does not have investments in subsidiaries with significant non-controlling interests.

4. Significant restrictions

The Group is of the view that it is not subject to restrictions imposed by its bylaws, shareholders' agreements or regulations that would prevent or limit its ability to access assets or settle liabilities.

5. Other information

The consolidated financial statements have been prepared using accounting policies that are consistent with those used in preparing the separate financial statements at 31 December 2018 approved by the respective boards of directors of the fully consolidated companies. All the consolidated companies have adopted the euro as their functional currency. None of the financial statements of the subsidiaries used in preparing the consolidated financial statements have a different reporting date from that of the consolidated financial statements.

Subsidiaries may also include so-called "structured entities", in which voting rights are not the dominant factor in determining the existence of control, including special purpose entities and investment funds.

The investment funds managed by Group companies are considered to be controlled entities when the Group is significantly exposed to their variable returns and when third-party investors do not have removal rights over the management company.

As at 31 December 2018 there are no investment funds that can be considered subsidiaries.

Consolidation methods

Line-by-line consolidation

Line-by-line consolidation consists in the "line-by-line" incorporation of the aggregates of the balance sheet and income statement of the subsidiaries in the consolidated accounts. The value of equity investments is eliminated against the value of the equity of the subsidiaries, allocating to non-controlling interests their share in equity and profit or loss.

Any positive differences produced by this operation are recognized – after any allocation to elements of the assets and liabilities of the subsidiary – under intangible assets as goodwill or as other intangible assets. Negative differences are recognized in profit of loss.
Amounts in respect of assets, liabilities, revenue and expense between consolidated companies are eliminated in full.
Acquisitions of entities are accounted for using the "acquisition method" provided for in IFRS 3, as amended by Regulation (EU) 495/2009, under which the identifiable assets acquired and the identifiable liabilities (and contingent liabilities) assumed must be recognized at their respective fair values as of the acquisition date. In addition, for each business combination, any non-controlling interests in the acquiree may be recognized at fair value or at their proportionate share in the net identifiable assets of the acquiree. Any excess consideration transferred – represented by the fair value of the assets transferred, liabilities incurred, equity instruments issued and any fair value of non-controlling interests compared with the fair value of the assets and liabilities acquired – shall be recognized as goodwill; if the consideration is lower, the difference is recognized in profit or loss.
The acquisition method is applied as from the acquisition date, i.e. the moment in which effective control of the acquiree is obtained. Accordingly, the profit or loss of a subsidiary is included in the consolidated accounts as from the date of its acquisition. Similarly, the profit or loss of a subsidiary transferred is included in the consolidated accounts up to the date on which control is lost.
The difference between the consideration transferred and the carrying amount at the transfer date is recognized in profit or loss.
Equity method accounting
Associates and joint operations (under joint control) are accounted for using the equity method.
The equity method provides for the initial recognition of an equity investment at cost, subsequently adjusted on the basis of the share held in the equity of the investee.
The difference between the carrying amount of the investment and the share of equity of the investee pertaining to the Group is reflected in the carrying amount of the investee.
The measurement of the proportionate share held in the investee shall not consider any potential voting rights.
The proportionate share in the profit or loss of the investee is recognized in a specific item of the consolidated income statement.
If there is evidence that the value of an investment may be impaired, the recoverable amount of the investment is estimated, taking account of the present value of the future cash flows that the investee could generate, including the proceeds from the ultimate disposal of the investment. If the recoverable amount is less than the carrying amount, the difference shall be recognized through profit or loss.
Joint operations and investments in associates were accounted for using the annual or interim financial reports approved most recently by the investees. If the investees do not adopt IAS/IFRS, it is necessary to verify whether the application of IAS/IFRS would have a significant impact on the Group's consolidated financial statements.

A.2 – THE MAIN ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

Financial assets measured at fair value through profit or loss
Classification
This category includes financial assets held in order to collect cash flows principally through the sale of the assets and whose contractual cash flows are not solely payments of principal and interest on the principal amount outstanding (equity securities, debt securities and units of collective investment undertakings (CIUs)).
More specifically, the category includes the following sub-categories:
- financial assets held for trading: these include financial assets acquired mainly for the purpose of short-term sale and derivatives not designated as effective hedging instruments (debt securities, equity securities, loans, units of CIUs and derivatives);

- financial assets designated at fair value: financial assets which at the time of initial recognition are designated as at fair value on a voluntary basis in order to eliminate or significantly reduce a measurement or recognition inconsistency (sometimes referred to as an "accounting mismatch") that would otherwise arise from measuring assets on different bases (debt securities and loans);
- other financial assets mandatorily measured at fair value: financial assets not held for trading (debt securities, equity securities, loans, units of CIUs).

The item also includes shareholdings not qualifying as a subsidiary, associate or joint arrangement.
When, and only when, an entity changes its business model for managing financial assets shall it reclassify assets to other categories envisaged by IFRS 9. Reclassification takes place prospectively starting from the reclassification date.

Recognition, measurement and derecognition

Initial recognition

At the time of initial recognition, the asset is measured at fair value, which normally coincides with the transaction price, plus or minus transaction costs or income directly attributable to the acquisition or issue of the asset.

Subsequent measurement and recognition of revenues and costs

After initial recognition, these financial assets are measured at fair value and the effects of applying this measurement approach are recognized through profit or loss.
The fair value of financial instruments quoted on an active market is determined on the basis of market quotations (bid-offer prices or average prices) and the most recent unit value calculated and published for units of CIUs.

Derecognition

The assets are derecognized when the contractual rights to the cash flows expire, or a disposal transfers substantially all the risks and rewards of ownership.

Financial assets measured at amortized cost

Classification

This category includes financial assets held under a business model whose objective is to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
This category includes the receivables in respect of fees and commissions for the management of assets and any costs paid on behalf of the portfolios under management, as well as liquidity deposited in bank current accounts.

Recognition, measurement and derecognition

Initial recognition

At the date of initial recognition, financial assets measured at amortized cost are recognized at their fair value, which usually corresponds to the amount disbursed or the price paid, plus any directly attributable transaction costs/income, if material and determinable. Loans are recognized at the date of disbursement.

Subsequent measurement and recognition of revenues and costs

After initial recognition, these financial assets are measured on the basis of the amortized cost, equal to the amount at which the financial asset or financial liability is measured at initial recognition plus or minus principal repayments, loss allowances/writebacks and the difference between the amount disbursed and the repayable amount at maturity, calculated using the effective interest rate method. The amortized cost method is not used for loans whose short duration (less than 12 months) makes the effects of discounting negligible. The effective interest rate is the rate that exactly discounts estimated future cash flows (principal and interest) to the initial carrying amount of the financial asset.

Impairment

In accordance with the simplified approach established in IFRS 9, at each reporting date the loss allowance for trade receivables is determined on the basis of the expected losses over the lifetime of the receivable.

Derecognition

The assets are derecognized when the contractual rights to the cash flows expire, or a disposal transfers substantially all the risks and rewards of ownership.

Equity investments

Recognition and measurement

The item reports investments in joint arrangements or associates.

Joint arrangements

A joint arrangement is a contractual arrangement gives two or more parties joint control of the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Under IFRS 11 (Joint arrangements), joint arrangements must be classified as joint operations or joint ventures depending upon the rights and obligations of Group in the arrangement.

A joint operation is a joint arrangement whereby the parties have rights to the assets, and obligations for the liabilities, relating to the arrangement. These investments are consolidated on a proportional basis on the basis of the share of involvement in the arrangement.

A joint venture is a joint arrangement whereby the parties have rights to the net assets of the arrangement. These investments are accounted for using the equity method.

The carrying amount of joint ventures is tested in accordance with IAS 36 as a single asset, comparing it with the recoverable amount (defined as the greater of value in use and fair value less costs to sell).

Associates

An associate is an entity over which the investor has significant influence but does not control exclusively or jointly. The investor is presumed to have a significant influence when:

- it holds, directly or indirectly, at least 20% of the capital of another entity; or
- it has the ability, including through shareholder agreements, to exercise a significant influence through:

- representation on the governing body of the investee;
- participation in policy-making processes, including participation in decisions about dividends or other distributions;
- material transactions between the entity and its investee;
- interchange of managerial personnel; or
- provision of essential technical information.

Only entities over which governance is exercised through voting rights may be classified as associates.

Investments in associates are accounted for using the equity method. The carrying amount of associates is tested in accordance with IAS 36 as a single asset, comparing it with the recoverable amount (defined as the greater of value in use and fair value less costs to sell).

Property, plant and equipment

Classification

Property, plant and equipment includes land, buildings used in operations, works of art, furnishings, fittings and equipment of any kind that are expected to be used for more than one period. Assets held for use in the production or supply of goods and services are classified as “assets used in operations” in accordance with IAS 16.

Property, plant and equipment also includes leasehold improvements where they represent incremental expenditure for identifiable and separable assets. In that case, the assets are classified under the specific sub-items (e.g. plant) depending on the nature of the assets themselves.

Where the improvements and incremental expenditure regard property, plant and equipment that is identifiable but not separable, they shall be reported under item 120. “other assets”.

Recognition
Property, plant and equipment is initially recognized at cost, which includes the purchase price and all incidental costs directly attributable to the transaction and placing the asset in service.
Extraordinary maintenance costs that increase the future economic benefits of such assets are allocated as an increase in the value of the assets, while ordinary maintenance expenses are recognized in profit or loss.
Measurement
Property, plant and equipment is measured at cost less depreciation and impairment.
Such assets are depreciated systematically over their useful life on a straight-line basis. Depreciation begins when the assets become available for use.

The following assets are not depreciated:
- land, whether purchased separately or incorporated in the value of buildings, as it has an indefinite life;
- works of art, as the useful life of a work of art cannot be estimated and its value normally increases with time;

If there is evidence of possible impairment of an asset, the asset's carrying amount is compared against its recoverable value. Any writedowns are recognized in the income statement.
If the reasons for the impairment should cease to obtain, a writeback, which shall not exceed the value that the asset would have had, net of depreciation, in the absence of the prior writedowns, is recognized.
Derecognition
Property, plant and equipment is derecognized when disposed of or when the asset is permanently withdrawn from use and no future economic benefits are expected from its use or disposal.

Intangible assets
Classification
Intangible assets are recognized with they are identifiable and arise from contractual or other legal rights. They include goodwill, which represents the positive difference between the purchase cost and the fair value of the assets acquired and liabilities assumed in business combinations.
Recognition and measurement
Intangible assets are recognized at cost, adjusted for any incidental expenses, only if it is probable that the future economic benefits attributable to the asset will be realized and if the cost of the asset can be measured reliably. Otherwise, the cost of the intangible asset is expensed in the period in which it is incurred.
For assets with a finite useful life, the cost is amortized on a straight-line basis or in decreasing amounts determined on the basis of the inflow of economic benefits expected from the asset. Assets with an indefinite useful life do not undergo systematic amortization, but rather are tested periodically to assess the appropriateness of their carrying amount.
If there is any indication that an asset may have incurred an impairment loss, the asset's recoverable value is estimated. The amount of the loss, recognized through profit or loss, is equal to the difference between the carrying amount of the asset and the recoverable value.
In particular, intangible assets include:
- technology-based intangible assets, such as application software, which are amortized on the basis of their expected technological obsolescence and in any case over a period no longer than 5 years.
- intangible assets represented (i) by the valuation, on the occasion of business combinations, of customer relationships or management engagements supported by signed contracts; (ii) by an acquired contractual relationship. These assets, which have a finite life, are originally measured at fair value by discounting - adopting a rate representing the time value of money and the specific risks associated with the asset - the flows representing the net fee and commission margin over a period representing the contractual or estimated residual

duration of the relationships in existence at the time of the business combination. They are amortized over the period in which economic benefits are expected to flow to the company;

- Intangible assets include goodwill. Goodwill may be recognized as part of business combinations, when the positive difference between the purchase cost of the assets and the fair value of the assets and other balance-sheet components acquired represents future income-generating capacity (goodwill). If this difference is negative (i.e. badwill) or if the goodwill cannot be justified by future income-generating capacity, the difference is recognized directly in profit or loss. On an annual basis (or whenever there is evidence of impairment), goodwill is tested to verify the appropriateness of the carrying amount. To this end, the cash-generating unit to which the goodwill is attributed is identified. The amount of any reduction in value is determined on the basis of the difference between the carrying amount of the goodwill and its recoverable value, if lower. This recoverable value is equal to the greater of the fair value of the cash-generating unit, net of any costs to sell, and its value in use. The resulting value adjustments are recognized through profit or loss.

Derecognition

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to be generated.

Other assets

The other assets essentially include items not attributable to other balance sheet items, including receivables arising from the supply of non-financial goods and services, tax items other than those recognized under their own specific item (for example, those connected with withholding agent activities), accrued income and prepaid expenses.

In particular, prepaid expenses include the one-off commissions paid to distributors, with subsequent recognition in profit or loss of the portion pertaining to each year. At the end of each year, they are tested to verify the recoverability of the assets' carrying amount value.

Other assets also include improvements and incremental expenditures on leased property, which are capitalized in view of the fact that over the term of the lease the lessee has control of the asset and may derive future economic benefits from it. These costs are classified under other assets in compliance with the instructions of the Bank of Italy and are depreciated over the shorter of the period in which the improvements and expenditure can be used and the residual term of the lease.

Financial liabilities measured at amortized cost

Classification

"Financial liabilities measured at amortized cost" include financial liabilities deriving from relations with the sales networks and long-term loans granted to the Parent Company.

Recognition

The liabilities are initially recognized at their fair value, which is normally equal to the amount received or the issue price.

Measurement

After initial recognition, financial liabilities are measured at amortized cost using the effective interest rate method.

An exception is made for short-term liabilities (less than 12 months), for which the time value of money is negligible, which continue to be recognized at fair value.

Derecognition

Financial liabilities are derecognized when they have expired or been extinguished.

Current and deferred taxation

Income taxes, which are calculated in compliance with national tax laws, are accounted for as a cost on an accruals basis, consistent with the methods for recognition of the costs and revenues that

generated those taxes. They therefore represent the balance of current and deferred taxation in respect of taxable income for the year.
Current tax assets and liabilities report the net balance of the Group companies' tax positions in respect of Italian and foreign tax authorities.
More specifically, these items report the net balance between current tax liabilities, calculated on the basis of an estimate of the tax liability due for the year, determined on the basis of applicable tax law, and current tax assets represented by payments on account and other tax receivables for tax withholdings.
The Parent Company and the subsidiary Anima SGR have opted to participate in a Group taxation mechanism pursuant to Article 117 et seq. of the Uniform Income Tax Code (the so-called "National Consolidated Taxation Mechanism"). Transactions between the participating companies are governed by a specific consolidated taxation agreement.
Deferred taxation is determined on the basis of the tax effects of temporary differences between the carrying amount of assets and liabilities and their value for tax purposes, which give rise to taxable or deductible amounts in future periods. For this purpose, "taxable temporary differences" are those that in future periods will give rise to taxable amounts and "deductible temporary differences" are those that in future periods will give rise to deductible amounts.
A deferred tax liability is not recognized where it arises from the initial recognition of goodwill or the initial recognition of an assets or a liabilities in transactions that are not a business combination and at the time of the transaction affect neither accounting profit or taxable profit (tax loss).
Deferred taxation is calculated by applying the tax rates established by law that are expected to apply in the period in which the associated temporary differences become taxable or deductible. Deferred taxation is recognized when it is likely that taxes will be paid in the periods in which the temporary differences reverse or when it is reasonably certain that taxable income will be available when the temporary differences can be deducted.
The carrying amount of deferred tax assets is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.
The measurement of deferred tax assets and liabilities reflects the tax consequences of the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.
If the deferred tax assets and liabilities relate to items in profit or loss, they are recognized through income taxes.
If the deferred tax assets and liabilities relate to items in equity outside of profit or loss (such as adjustments on first-time application of IAS/IFRS and the measurement of financial assets recognized at fair value through other comprehensive income or cash flow hedge derivatives), they are recognized in equity, impacting any specific reserves (e.g. valuation reserves).

Hedging

The Group uses financial derivatives (generally interest rate swaps) to hedge the exposure to the variability of cash flows attributable to a specific risk associated with the financial liabilities recognized.
A hedging relationship qualifies for hedge accounting only if all of the following conditions are met:

- the hedging relationship consists only of eligible hedging instruments and eligible hedged items under IFRS 9;
- at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge;
- the hedging relationship meets all of the following hedge effectiveness requirements:
    - I. there is an economic relationship between the hedged item and the hedging instrument;
    - II. the effect of credit risk does not dominate the value changes that result from that economic relationship;

III. the hedge ratio is determined.

Cash flow hedges are recognized as follows:

1. the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge at initial recognition is recognized in other comprehensive income in the cash flow hedge reserve;
2. any remaining gain or loss on the hedging instrument is hedge ineffectiveness that shall be recognized in profit or loss for the period;
3. the amount that has been accumulated in the cash flow hedge reserve is reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment (see IAS 1) in the same period or periods during which the hedged expected future cash flows affect profit or loss.

When the amount accumulated in the reserve is negative and is not expected to be recovered, even in part, in future periods, the non-recoverable amount is immediately reclassified to profit or loss.

When hedge accounting for a cash flow hedge is discontinued, the amount accumulated in the cash flow hedge reserve is accounted for as follows:

a) if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve until the future cash flows occur. When the future cash flows occur, they are reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss;
b) if the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment.

Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees. Employee benefits can be broken down into:

- short-term employee benefits are employee benefits (other than termination benefits or equity payments) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service and are recognized in full in profit or loss at the time they accrue (this includes, for example, wages, salaries and bonuses);
- post-employment benefits are employee benefits that are payable after the completion of employment. These include the *trattamento di fine rapporto* (deferred remuneration benefits under Italian law) and pension funds, which in turn break down into defined contribution and defined benefit plans or company pension plans;
- termination benefits are employee benefits provided in exchange for the termination of an employee's employment following an entity's decision to terminate an employee's employment before the normal retirement date;
- other long-term employee benefits are all employee benefits other than the foregoing that are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. The measurement and recognition of other long-term benefits is carried out using the same measurement method as that for post-employment benefits but without recognizing actuarial gains/losses in other comprehensive income.

<u>Deferred compensation benefits</u>

Deferred compensation benefits (the Italian *trattamento di fine rapporto* mechanism) is defined as a "post-employment benefit" classified as:

- a "defined contribution plan" for the portion of benefits accrued as from 1 January 2007 (date of entry into force of the supplementary pension reform introduced with Legislative Decree 252 of 5 December 2005) both in the case employees opt for a supplementary pension scheme or they choose to pay into the Treasury fund held by INPS. The amount

recognized under personnel expenses is determined on the basis of contributions due without the application of actuarial calculation methods;
- a “defined benefit plan” recognized on the basis of its actuarial value determined using the “projected unit credit” method for the portion of the benefits accrued up to 31 December 2006. These amounts are recognized on the basis of their actuarial value determined using the projected unit credit method, without applying the pro-rated service cost, since the current service cost of the benefits is almost entirely accrued and its revaluation for the years to come it is not believed to give rise to significant employee benefits.
The discount rate used is determined with reference to the market yield of investment grade corporate bonds taking account of the average residual maturity of the liability, weighted based on the percentage of the amount paid and advanced, for each maturity, with respect to the total to be paid and advanced up to the final extinction of the entire obligation.
Service cost for the plan is accounted for as personnel expense, while actuarial gains and losses are recorded in other comprehensive income.

Provisions for risks and charges

Provisions for commitments and guarantees issued

This sub-item of the provisions for risks and charges includes the guarantees issued by the subsidiary Anima SGR to the subscribers of the “Garanzia 1+” and “Incremento e Guaranzia 5+ sub-funds of the open-end Arti & Mestieri pension fund and the “Linea Garantita” segment of the ICBPI Group closed pension fund to pay a minimum amount, equal to the amount paid by the subscriber, regardless of the performance of the segments.

Other provisions for risks and charges

Other provisions for risks and charges include amounts recognized for legal obligations connected with labor disputes or tax litigation arising from past events, the settlement of which is expected to result in an outflow of resources embodying economic benefits, assuming that the amount can be estimated reliably.
Consequently, a provision is recognized if, and only if:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. It reflects the risks and uncertainties that inevitably surround many events and circumstances. Where the time value of money is material, the provisions are discounted using current market rates. The provision and increases due to time value of money are recognized through profit or loss.
The provision is reversed If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Recognition of revenues and costs

Operating revenue

Revenue is recognized through the following steps:
1. identification of the contract (or contracts) with the customer;
2. identification of performance obligations;
3. determination of the transaction price: the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer;
4. allocation of the transaction price to performance obligations;
5. recognition of revenue at the time of the satisfaction of the performance obligation; specifically, revenue can be recognized:
- at a point in time, when the performance obligation is satisfied with the transfer of the promised good or service to the customer; or

- over time, when the performance obligation is satisfied with the progressive transfer of the promised good or service to the customer.

The Group's operating companies perform the typical activities of asset management companies and the revenue deriving from product management activities are mainly represented by management fees, performance fees and placement fees.

The management and performance fees are linked to the market value of the assets under management (AUM) of the products and the performance of management activities.

Management fees are calculated periodically as a percentage of the average assets of the individual product.

Performance fees are charged for certain products and paid to management companies only when certain performance targets are achieved. In general, there are three different criteria for charging a performance fee in accordance with the investment policy of the individual funds: (i) when the performance of the product exceeds that of a certain benchmark index or a pre-established value or a return target (fee against benchmark); (ii) when the value of a fund's units exceeds the highest value recorded previously ("absolute high watermark fee") and (iii) when the value of a fund's units exceeds that of a benchmark index (or return target) and the difference with respect to the selected benchmark value exceeds the highest value recorded previously ("relative high watermark fee").

Finally, placement fees are determined, where applicable, on basis of the total capital raised during the placement period.

Fees and commissions are recognized, under the terms of contractual agreements, in the period in which the services are rendered. More specifically, representing the remuneration for specific performance obligations, which are satisfied in respect of the funds/portfolio at a specific moment, they are recognized in profit or loss "at a point in time".

Revenue from variable fees (performance fees) is recognized in profit or loss if it can be estimated reliably and only if it is highly probable that the fees will not subsequently be reversed, in whole or in significant part, from profit or loss.

If there is significant uncertainty about the quantification of the fees, they are only recognized at the time this uncertainty is resolved. In particular, fees determined using the "benchmark" method are recognized in the profit or loss of the management company only at the end of the reference year, when they can be considered to have definitively accrued to the company.

Operating costs

Operating costs are decreases in the economic benefits pertaining to a year that arise in the form of cash outflows or reductions in the value of assets or the incurrence of liabilities that result in decreases in shareholders' equity, other than those relating to distributions to those participating in the capital. Costs also include losses. Costs and losses arise in the course of ordinary business.

The costs are accounted for on an accruals basis when incurred.

A cost is considered incurred when:

- its existence has become certain;
- its amount can be determined objectively;
- the substance of the transaction indicates that the entity has incurred that cost based on an accruals basis.

The purchase cost of goods and consumables is recognized at the date of the transfer of risks and rewards of ownership, which may coincide with the delivery date or, if earlier, at the time of the transfer of ownership.

The costs for indirect taxes arise at the time of the transaction subject to taxation.

The costs for direct taxes arise at the time the associated basis is determined, that is at the close of the accounts. A reliable estimate of direct taxes is also made at the time of the preparation of interim financial statements.

Costs are measured at the fair value of the amount paid or to be paid

The costs of services, as remuneration of the factors of production, accrue in the year in which the same factors of production were used to generate the revenues from the sale of products and services. With regard to the recognition of costs incurred for services, reference is generally made to the timing of the provision of the service by third parties.

Other information

Treasury shares

Treasury shares held are deducted from shareholders' equity.
No profit or loss deriving from the purchase, sale, issue or cancellation of treasury shares is recognized in profit or loss.
The differences between the purchase and sale prices deriving from these transactions is recognized in an equity reserve.

Impairment testing

Intangible assets with a finite useful life undergo impairment testing if there is evidence that the carrying amount of the asset can no longer be recovered. The recoverable value is determined as the higher of the fair value of the asset net of costs to sell or its value in use if this can be determined.
Intangible assets with an indefinite useful life undergo impairment testing at each reporting date in order to verify whether there is objective evidence that the asset may have incurred an impairment loss. In particular, intangible assets with an indefinite useful life include goodwill recognized following business combinations in application of IFRS 3.
As goodwill does not have independent cash flows, the appropriateness of the carrying amount recognized under assets is assessed with reference to the cash generating unit (CGU) to which the amounts are attributed on the occasion of the business combinations.
The amount of any impairment loss is determined on the basis of the difference between the carrying amount of the CGU and its recoverable value, which is the greater of the fair value (net of any costs to sell) and the value in use.
The value of use of the CGU is determined by estimating the present value of the future cash flows that are expected to be generated by the CGU, using the discounted cash flow method. The cash flows are determined using the last available business plan or, if not available, with the formulation of an internal forecast by management or with other available external evidence. Normally the analytical forecast period covers a maximum of five years.
Any impairment incurred by the CGU is allocated to the individual non-monetary assets of which it is composed in the following order:

a) first, to the goodwill allocated to the CGU;
b) second, to other non-monetary assets in proportion to their carrying amounts.

If the reasons for the impairment loss should no longer obtain following an event occurring after the impairment was recognized, the impairment loss is reversed through the income statement. In no case are writedowns of goodwill reversed.

Share-based payments

The Long-Term Incentive Plan 2018-2020, approved by the Ordinary Shareholders’ Meeting of the Parent Company on 21 June 2018, is reserved for the employees of Anima Holding and the subsidiaries who perform key functions and roles within the Group and, pursuant to IFRS 2, is to be considered a share-based payment for services rendered by the Beneficiary over the term of the Plan. The Plan is to be considered equity-settled (paid in shares). Therefore, the company receives services from employees in exchange for equity instruments.
Since it is objectively impossible to estimate the fair value of the services received, the fair value of the Plan is estimated by referring to the fair value, at the respective grant dates, of the equity instruments of the Company granted.
Consequently, at each Grant Date, the Units granted represent specific plans in relation to the respective fair value identified, with appropriate distinct quantification.

This fair value at initial recognition is not modified subsequently: any subsequent changes are determined solely by developments in the non-market Vesting Conditions.
At the grant date, the fair value of the Plan is calculated taking account only of the effects of any market conditions (market condition - "TRS"). The other conditions provide for the Beneficiaries to complete a specified period of service (service condition) or to achieve specified performance targets (performance condition - "EPS" and "GNF") and are considered solely for the purpose of allocating the cost over the vesting period of the Plan and the final cost of the Plan.
The Parent Company has engaged an independent external advisor to estimate the fair value of the plan, using methods and assumptions consistent with applicable regulations in conformity with IFRS 2 "Share-based payment".

The cost of the EPS, GNF and TRS conditions
The cost of each of these Plan conditions is determined by multiplying the fair value by the number of Units that are expected to vest for each condition by the end of the vesting period. The estimate depends on assumptions concerning the number of Beneficiaries that will meet the service condition and the probability of achieving the performance conditions: for all the conditions, the probability measured at the respective grant dates was 100%.
The cost of each of the conditions is allocated proportionately over the vesting period.
The cost is recognized by the entity with which the Beneficiary has the employment relationship. At each reporting date, that entity recognizes the expense under "Personnel expenses" and in equity under "Other equity instruments".
The estimate of the number of Units that are expected to vest at the end of the vesting period is reviewed at each reporting date until the end of the vesting period, when the definitive number of vested Units accrued by the Beneficiaries is determined (the fair value was never recalculated over the term of the Plan).
In the event of a revision of the initial number of Units, the change is implemented by determining the estimated cumulative cost at the reporting date and recognizing an expense through profit or loss, net of the previously recognized cumulative cost. Under the provisions of IFRS 2, the failure to achieve the TRS market condition does not result in the remeasurement of the cost of the Plan.
At the end of the vesting period, the following situations might obtain:

- the vesting conditions (service and performance conditions) have not been satisfied, either in whole or in part. In this case the cost of the unvested Units is recognized by reversing the "other equity instruments" reserve through "personnel expenses" for the failure to satisfy the condition;
- the vesting conditions (service and performance conditions) are satisfied, either in whole or in part: upon definitive vesting of the cost of the Plan. IFRS 2 does not set out criteria for this case. Accordingly, the Company has selected the accounting treatment usable by the Group, which in generally accepted practice involves the reclassification of the "other equity instruments" reserve to "other reserves" upon final vesting.

Business combinations

The transfer of control of an entity (or of an integrated set of activities and assets conducted and managed together) is a business combination.
To this end, control is transferred when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.
IFRS 3 requires that an acquirer be identified for all business combinations. The acquirer is the entity that obtains control over another entity or group of assets. If it is not possible to identify the controlling entity using the above definition of control, for example in the event of an exchange of participating interests, the acquirer shall be identified using other factors, such as: the entity whose fair value is significantly greater, the entity that transfers cash consideration or the entity that issues new shares.

The acquisition, and accordingly the first consolidation of the acquiree, shall be recognized on the date on which the acquirer effectively obtains control over the entity or assets acquired. When the combination occurs in a single stage, the date of the transfer of consideration is normally the acquisition date. However, it is always necessary to determine if there are agreements between the parties that could give rise to the transfer of control prior to the transfer date.
The consideration transferred in a business combination is determined as the sum of the fair value, at the date of transfer of the consideration, of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for control.
In transactions that provide for the payment of cash consideration (or when payment is made using financial instruments equivalent to cash), the price is the agreed consideration, discounted in the case of payment in instalments over a period greater than short term. If payment is made using an instrument other than cash, i.e. with the issue of equity instruments, the price is equal to the fair value of the means of payment less costs directly attributable to the issue of equity.
The consideration transferred in a business combination at the acquisition date includes adjustments subject to future events, if provided for in the transfer agreement and are likely to occur, can be determined reliably and achieved in the twelve months following the date of acquisition of control. The consideration does not include payments to the seller as compensation for a reduction in the value of the assets given, as this is already considered in the fair value of the equity instruments issued or as a reduction in the premium or increase in the discount on the initial issue of debt instruments.
Acquisition-related costs are costs that the acquirer incurs to effect a business combination. For example, these may include fees paid for auditing, valuation or legal advice, costs for appraisals and accounting, costs for the preparation of information documents required by regulations, finders' fees for the identification of potential acquisition targets if it is contractually specified that payment is subject to the successful completion of the combination, and the costs of registering and issued debt securities or shares. The acquirer shall account for acquisition-related costs as expenses in the period in which those costs are incurred and the services received, with the exception of costs of issuing debt or equity securities, which shall be recognized in accordance with IAS 32 and IAS 39.
Business combinations are accounted for using the "acquisition method", under which the identifiable assets acquired (including any intangible assets previously not recognized by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) shall be recognized at their fair values as at the acquisition date.
In addition, any non-controlling interests in the acquiree (for each business combination) may be recognized at fair value (with a consequent increase in the consideration transferred) or as the non-controlling interest's proportionate share in the acquiree's identifiable net assets.
If control is achieved in stages, the acquirer shall remeasure the previously held interest in the acquiree at its acquisition-date fair value and recognize any resulting gain or loss in profit or loss.
The excess of the aggregate of the consideration transferred (represented by the fair value of the assets acquired, the liabilities incurred or assumed and the equity instruments issued by the acquirer), the value of any non-controlling interests (determined as indicated above) and the fair value of any interest in the acquiree previously held by the acquirer over the fair value of the assets and liabilities acquired shall be recognized as goodwill. Conversely if the fair value of the assets and liabilities acquired is greater than the aggregate of the consideration transferred, the value of non-controlling interests and the fair value of previously held interests, the difference shall be recognized in profit or loss.
A business combination may be recognized provisionally by the end of the period in which the combination occurs, with definitive recognition to occur within twelve months of the acquisition date.
Additional interests acquired in entities over which control has already been obtained are considered equity transactions, in accordance with IFRS 10, i.e. transactions with owners in their capacity as owners. Accordingly, differences between the acquisition costs and the carrying amount of the non-controlling interests acquired are allocated to parent company equity. Similarly, sales of non-controlling interests that do not result in the loss of control are equity transactions recognized as a change in Group equity.

For present purposes, business combinations do not include transactions intended (i) to obtain control of one or more entities that do not constitute a business; (ii) to obtain transitory control; (iii) for reorganization purposes, i.e. between two or more entities or business that already belong to a group with no change in control regardless of the extent of non-controlling interests before and after the combination (business combinations of entities under common control). These transactions are considered to be without economic substance. Accordingly, in the absence of specific provisions in the IAS/IFRS and in compliance with the principles of IAS 8 (which specify that in the absence of a standard that specifically applies to a transaction, management shall use its judgment in applying an accounting policy that provides information that is relevant, reliable, prudent and reflects the economic substance of a transaction), the values in the financial statements of the acquiree are preserved in the financial statements of the acquirer.
Mergers are a form of business combination, representing the most complete form of such combinations, as they involve the legal and economic unification of the entities involved.
Mergers, whether they "true mergers" with the formation of a new entity or "acquisitions", in which one entity is absorbed into another existing entity, are treated in accordance with the criteria indicated above. Specifically:

- if the transaction involves the transfer of control of an entity, it is treated as a business combination within the scope of IFRS 3;
- if the transaction does not involve the transfer of control, it is accounted for with the preservation of the values reported in the financial statements of the merged entity.

A.3 – DISCLOSURES ON TRANSFERS BETWEEN PORTFOLIOS OF FINANCIAL ASSETS

With regard to the disclosures required under IFRS 7, paragraph 12 B, we report that during the year the Group did not transfer any financial assets between categories as defined by IFRS9.

A.4 – FAIR VALUE DISCLOSURES

QUALITATIVE DISCLOSURES

This section provides the fair value disclosures required by IFRS 13, paragraphs 91 and 92.
The fair value hierarchy, introduced by the IASB with an amendment of IFRS 7 "Financial Instruments: Disclosures" in March 2009, must be applied to all financial instruments recognized at fair value in the balance sheet.
Paragraph 24 of 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.
In the case of financial instruments quoted on active markets, fair value is determined on the basis of prices obtained from the financial markets, while the fair value of other financial instruments is determined on the basis of quoted prices for similar instruments or internal valuation techniques.
IFRS 13 establishes a fair value hierarchy based on the degree of observability of the inputs used in the valuation techniques adopted.
The following section sets out the manner in which financial instruments are classified within the three levels of the fair value hierarchy.

Level 1
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
A financial instrument is considered quoted on an active market when:

a) quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, authorized entity or regulatory agency;
b) those prices represent actual and regularly occurring market transactions on an arm's length basis.

If the quoted prices meet these requirements, they represent the best estimate of fair value and must be used to measure the financial instrument.

The definition indicates that the concept of active market regards that for the individual financial instrument being measured and not the market on which it is quoted. Accordingly, the fact that a financial instrument is listed on a regulated market is not in itself a sufficient condition for that instrument to be considered quoted on an active market.

Level 2 and 3

Financial instruments that are not listed on an active market must be classified in levels 2 or 3.

Whether an instrument is classified as level 2 or level 3 depends on the observability of the significant inputs used to measure the fair value. A financial instrument must be classified in its entirety in a single level. When an instrument is measured using inputs from different levels it must be categorized in the same fair value level of the lowest level input that is significant to the entire measurement.

A financial instrument is classified as level 2 if all the significant inputs are observable on the market, either directly or indirectly. An input is observable when it reflects the same assumptions used by market participants based on market data provided by independent sources.

Level 2 inputs include:

- - quoted prices for similar assets or liabilities in active markets;
- - quoted prices for identical or similar assets or liabilities in markets that are not active, namely markets in which:
    - there are few recent transactions;
    - price quotations are not developed using current information or vary substantially either over time or among market makers and little information is publicly available;

  and there are also:
    - observable market inputs (e.g. interest rates or yield curves observable at commonly quoted intervals, volatility, credit spreads, etc.);
    - inputs based primarily on observable market data whose relationship is corroborated by various parameters, including correlation.

A financial instrument is classified as level 3 if the valuation techniques adopted also use inputs that are not observable on the market and they make a significant contribution to the estimation of the fair value.

All financial instruments not quoted on an active market are classified as level 3 when even if observable data is available, it is necessary to make substantial adjustments to the data using unobservable inputs, and the estimation is based on internal assumptions concerning future cash flows and risk adjustments of the discount rate.

A.4.1 Levels 2 and 3: the valuation techniques and inputs used

At 31 December 2018 the balance sheet items measured on recurring basis at fair value were composed of:

- of financial assets measured at fair value through profit or loss, namely Italian government securities and units of CIUs, which are measured exclusively with level 1 inputs (reference values published daily);
- financial derivatives (interest rate swaps) used to hedge the risk of changes in the cash flows connected with interest expense on outstanding loans. The valuation technique used is the discounted cash flow method and the input used in 6-month Euribor, with the consequent classification of the fair value of the financial derivatives in level 2.

In addition, in 2018 the Group did not hold financial instruments measured using Level 3 inputs.

QUANTITATIVE DISCLOSURES

A.4.5 Fair value hierarchy

A.4.5.1 Financial assets and liabilities measured at fair value on a recurring basis: composition by level of fair value hierarchy

In the following table, financial assets and liabilities that are measured at fair value are broken down into the levels of the fair value hierarchy discussed above.

Financial assets/liabilities measured at fair value	Total 31.12.2018				Total 31.12.2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
1. Financial assets measured at fair value through profit or loss	88,629			88,629	150,684			150,684
a) financial assets held for trading								
b) financial assets designated at fair value								
b) financial assets mandatorily measured at fair value	88,629			88,629	150,684			150,684
2. Financial assets measured at fair value through other comprehensive income								
3. Hedging derivatives								
4. Property, plant and equipment								
5. Intangible assets								
Total	**88,629**	**-**	**-**	**88,629**	**150,684**	**-**	**-**	**150,684**
1. Financial liabilities held for trading								
2. Financial liabilities designated at fair value								
3. Hedging derivatives		1,572		1,572				
Total	-	**1,572**	**-**	**1,572**	**-**	**-**	**-**	**-**

i. There were no transfers of assets/liabilities from level 1 to level 2 of the fair value hierarchy during the year (IFRS 13 paragraph 93 letter c).
ii. In view of the type of financial asset/liability held, the impact of the Credit Value Adjustment (CVA)/Debit Value Adjustment (DVA) is not material.

A.4.5.4 Financial assets and liabilities not measured at fair value or measured at fair value on a non-recurring basis: composition by level of fair value hierarchy.

In the following table, financial assets and liabilities that are not measured at fair value or that are measured at fair value on a non-recurring basis are broken down into the levels of the fair value hierarchy discussed above.

Financial assets/liabilities not measured at fair value or measured at fair value on non-recurring basis	31.12.2018				31.12.2017			
	Carrying amount	Level 1	Level 2	Level 3	Carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	315,709		315,709		478,382		478,382	
2. Investment property								
3. Non-current assets and disposal groups					712	712		
Total	**315,709**		**315,709**		**479,094**	**712**	**478,382**	
1. Financial liabilities measured at amortized cost	(777,998)		(777,998)		(936,126)		(936,126)	
2. Liabilities associated with assets held for sale								
Total	**(777,998)**		**(777,998)**		**(936,126)**		**(936,126)**	

A.5 – DISCLOSURE OF "DAY ONE PROFIT/LOSS"

Paragraph 28 of IFRS 7 does not apply.

OTHER INFORMATION

Business combinations

Business combinations during the previous year – Retrospective adjustments

On 28 December 2017, the Parent Company Anima Holding acquired from Banco BPM 100% of the ordinary shares of Gestielle SGR, thereby acquiring control. In view of the fact that the acquisition took place close to the end of the year, the business combination has been accounted for in the consolidated financial statements at 31 December 2017 on a provisional basis and the entire excess of the acquisition price over the carrying amounts of the assets and liabilities acquired, equal to €689.8 million, was provisionally recognized as goodwill.

In accordance with the provisions of IFRS 3, during the first half of 2018, with the support of an independent third party advisor, the review of the valuation of Gestielle's assets and liabilities (purchase price allocation – "PPA") was completed. These activities led to the recognition of changes in the initial fair value recognized for the net assets acquired, which had been recognized in goodwill. Specifically, the only change in fair value compared with the previous values concerned the identification of an intangible asset connected with the "customer relationship" equal to €380.3 million gross of the deferred tax liabilities (equal to €112.5 million). The useful life of this intangible asset has been estimated at 15 years.

At 31 December 2018, the goodwill recognized in respect of the business combination was therefore equal to €422 million, compared with the provisional value of €689.8 million as determined at the acquisition date.

The following offers a brief discussion of the evaluation methodology adopted and the related findings.

IFRS 3 requires that the identifiable assets acquired (including any intangible assets not previously recognized by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) be recognized at their respective fair values at the acquisition date.

Under the provisions of IFRS 3 and IAS 38, the acquirer shall recognize an intangible asset not previously recognized by the acquiree only if:

- the asset is separable (i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract) or arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations;
- the asset is controllable, i.e. the entity has the power to obtain the future economic benefits flowing from the underlying resource and to restrict the access of others to those benefits;
- the fair value of the asset can be reliably determined regardless of whether the asset was recognized by the acquiree prior to the business combination.

The specific analyses conducted found that the intangibles generally identified in the field of asset management included a "customer relationship" asset, which was assessed as follows:

- the value for the acquirer is given by the net fee and commission income generated by the assets under management over the duration of the acquired relationship, distinguishing the net profitability associated with the different types of funds managed;
- as part of the relationship with customers in general, a specific intangible was identified represented by the contractual relationship between Gestielle's customers and the Anima Group, as the latter, through the business combination, acquired ownership of the asset assets under management (AUM) attributable to customers. The developments in this contractual relationship are attributable to developments in AUM.

The valuation method adopted to estimate the economic value of the customer relationship was based on an incremental profit flow approach. These flows are estimated on the basis of changes in assets under management and in fee and commission income, net of operating expenses and tax effects.

Specifically, the fair value of the intangibles acquired was determined taking account of the following elements:

- ✓ **initial volumes**: these are the specific values of AUM at the acquisition date, broken down by type of fund;
- ✓ **developments in the initial "lifing curve" volumes**: these are determined on the basis of the decay curve for existing relationships at the acquisition date and an annual revaluation rate for assets under management, drawn from the Group Strategic Plan;
- ✓ **revenues (fees and commissions)**: revenue streams from the assets under management represented by the fee and commission income generated on the associated relationships;
- ✓ **operating expenses**: operating expenses were estimated by applying the implicit cost/income ratio in the Group's Strategic Plan to net revenues;
- ✓ **taxes**: in order to determine the net flows connected with the intangible assets being valued, a full notional tax rate of 29.57% (corporate income tax (IRES) of 24% and regional business tax (IRAP) of 5.57%) was applied to the gross profit flows;
- ✓ **cost of equity (Ke)**: estimated using the capital asset pricing model and equal to 8.14%.

Consistent with the guidelines established by IFRS 3, the AUM used in the valuation only regarded customer relationships established before the acquisition date. The ability to generate new relationships has not been valued in any way.

<u>Business combinations during the year</u>
On 1 November 2018 the partial demerger of a business unit of BPF, a subsidiary of Poste Italiane, in favor of Anima SGR, with the assignment to the latter of the assets, liabilities and legal relationships connected with the management of government assets underlying the life insurance activities carried out on behalf of Poste Vita SpA by BancoPosta Fondi SGR.
As a result of the demerger, Poste received a number of Anima SGR shares issued to service the demerger, which were simultaneously purchased by Anima Holding for €120 million paid in cash and financed through the use of the Additional Term credit line, granted by the lender banks to the Parent Company on 5 March 2018 with the signing of an agreement ("Amendment Agreement") amending the original loan agreement of 9 November 2017.
The transaction, authorized by the Bank of Italy on 11 July 2018 with resolution no. 349/2018, took place in implementation of the final agreements signed on 6 March 2018 between Poste Italiane and Anima Holding, as well as Poste Vita, BancoPosta Fondi and Anima SGR for the matters concerning them, in accordance with the terms and conditions announced in the Memorandum of Understanding between Poste and Anima on 21 December 2017.
The agreements signed on 6 March 2018 envisaged, among other things, as an essential and integral part of the demerger, the signing of a 15-year "Operating Agreement" between the Anima Group and Poste Italiane.
The transaction is intended to strengthen collaboration between the Poste Group and the Anima Group in the asset management sector and to further consolidate the role of the Anima Group as a hub for asset management in Italy.
The business line acquired contributed about €2.5 million in revenues (for the period from 1 November 2018, effective date of the demerger, to 31 December 2018).
The Parent Company incurred about €3.4 million in costs (for advisors and indirect taxes) in carrying out the business combination, which were recognized in the income statement under "Other administrative expenses".

Business combinations must be accounted for using the "acquisition method", governed by IFRS 3, which envisages the following phases:

- identifying the acquirer and determining the acquisition date;
- determining the cost of the acquisition (or the value of the consideration transferred);
- allocation of the cost of the acquisition (purchase price allocation – PPA).

Since the transaction involved the transfer of a business unit, the transaction was accounted for in the separate financial statements of Anima SGR, the company that acquired control of demerged unit.
This PPA process was carried out with the support of an independent consultant.
The acquisition date, i.e. the date on which Anima SGR obtained control of the acquired unit and the moment from its results are included line by line in the accounts of the purchaser, was identified as 1 November 2018, the date from which the partial demerger from BPF of the activities connected with the management of assets underlying life insurance products to Anima SGR became effective.
Based on the provisions of the demerger and share purchase agreement signed on 6 March 2018, the consideration for the transaction was set at €120 million, paid in cash by Anima Holding to Poste on the acquisition date.
IFRS 3 requires that the identifiable assets acquired (including any intangible assets not previously recognized by the acquiree) and the identifiable liabilities assumed (including contingent liabilities) be recognized at their respective fair values at the acquisition date. In consideration of the nature of the assets and liabilities in the financial statements of the Demerged Business, no evidence was found to suggest that their fair value was not in line with their carrying amounts at the acquisition date. From the specific analyses carried out, an intangible asset denominated "Operating Agreement" was identified, whose value was determined on the basis of the cash flows generated by the assets under management over the term of the Agreement.
The valuation method adopted to estimate the economic value of the intangible asset was based on an incremental cash flow approach. These flows were estimated on the basis of developments in assets under management and in fee and commission income, net of operating expenses and tax effects.
Specifically, the fair value of the intangibles acquired was determined on the basis of the following elements:

- ✓ **initial volumes**: the assets under management (AUM) associated with the life insurance products distributed by the companies of the Poste Group at 31 October 2018;
- ✓ **developments in the initial volumes**: we considered AUM at 31 December 2018 of Poste Vita life insurance operations, in consideration of the fact that the PPA was approved by the administrative body of Anima SGR in January 2019. For 2019, growth in AUM was assumed to be that indicated in the funding budget estimated by management in addition to growth in assets connected with market performance. For 2020, AUM are forecast to grow in line with the 2019 projections and for 2021-2033 growth is assumed to be consistent with the financial projections for developments in AUM in the Operating Agreement produced by management;
- ✓ **revenues (fees and commissions)**: net revenue streams are represented by fee and commission income calculated by applying the management fees provided for in the Operating Agreement to average annual AUM;
- ✓ **operating expenses:** for 2018-2020, operating expenses were calculated by applying the cost/income ratio implicit in the financial projections for developments in AUM in the Operating Agreement produced by management to net revenues. Consistent with those projections, the cost/income ratio for the last year of the projection (2020) was kept constant for subsequent years;
- ✓ **taxes:** in order to determine the net flows connected with the intangible assets being valued, a full notional tax rate of 29.57% (corporate income tax (IRES) of 24% and regional business tax (IRAP) of 5.57%) was applied to the gross profit flows;
- ✓ **cost of equity (Ke)**: estimated using the capital asset pricing model and equal to 9.01%.

Consistent with the guidelines established by IFRS 3, the AUM used in the valuation only regarded customer relationships established before the acquisition date. The ability to generate new relationships has not been valued in any way.
The fair value of the identified intangible asset came to €106.9 million, gross of deferred tax liabilities of €31.6 million. The useful life of that intangible asset was estimated at 15 years.

The following table reports the amount of the consideration transferred in the acquisition and the assets identified and the liabilities assumed at the acquisition date following the business combination (in thousands euros):

Price paid	120,000
Total price	**120,000**
Fair value of assets identified and liabilities assumed	
Cash and cash equivalents	578
Identified intangible assets	106,875
Deferred tax liabilities	(31,603)
Other liabilities	(127)
Deferred compensation benefits	(51)
Net value of assets identified and liabilities assumed	**75,672**
Goodwill	**44,328**

No contingent liabilities connected with the business combination were recognized.

* * * * * * *

Reconciliation of consolidated goodwill

The following table reconciles the consolidated carrying amount of goodwill at the start and the end of the year:

	31/12/2018
Goodwill at the beginning of the year	**1,329,010**
Change due to completion of PPA	(267,875)
Goodwill at the beginning of the year - restated	**1,061,136**
Increases	**44,328**
Goodwill recognized during the period	44,328
Exchange gains	
Other increases	
Decreases	
Goodwill at the end of the year	**1,105,464**

No business combinations within the scope of IFRS 3 were carried out following the end of the year.

Reconciliation of shareholders' equity and performance of the Parent Company with the consolidated financial statements

		Capital and reserves	Net profit (loss)
Parent Company financial statements at 31 December 2018		**1,073,920**	**126,702**
Line-by-line consolidation of subsidiaries (comprehensive income 2018 Group)		(42)	193,786
Elimination of ancillary charges incurred for business combinations in previous years		(16,811)	
Recognition of transaction costs for business combinations in the period		(1,134)	(2,311)
Adjustment of amortization of Anima SGR intangible assets net of deferred taxation		(73,283)	(10,333)
Adjustment of amortization of Anima SGR intangible assets net of deferred taxation (Gestielle SGR)			(17,858)
Elimination of writedown of Anima SGR intangibles (2011-2012) net of deferred taxes		1,661	
Adjustment of subordinated loan net of deferred taxes		(609)	
Interest expense for contingent consideration identified in Aperta PPA		(657)	
Recognition of price adjustment Anima Sgr PPA (IFRS3 R)		55,494	
Reversal writedown of Anima SA in Anima SGR financial statements		2,954	
Reversal gain on disposal of investment in Lussemburgo Gestioni SA between Anima Holding and Anima Sgr		(146)	
Elimination of dividend received from Gestielle SGR not pertaining to Group - Deferred price Banco BPM			(118,318)
Elimination of Gestielle SGR writedown for alignment of statutory and consolidated values			113,738
Tax effect on dividend received from Gestielle SGR not pertaining to Group			4,580
Consolidation reserve		67,653	
of which:			
Profits and reserves from prior years of subsidiaries in scope of consolidation	(99,489)		
Restoration of consolidation difference former AAA IF	(787)		
Reversal of 2018 dividends from subsidiaries	167,929		(167,929)
Consolidated shareholders' equity and net profit at 31 December 2018		**1,109,000**	**122,057**

Disclosures on operating segments (IFRS 8)

The activities of the Anima Group, which are conducted by Anima SGR and its subsidiaries specialized in the promotion and management of financial products, are carried out in a single operating segment.[1] The nature of the products and services, the structure of management and operational processes and the type of customers served do not differ to an extent that they would give rise to different risks and rewards. In fact, they are quite similar and correlated in many respects. Accordingly, the Group's operating companies, while operating with full independence under the management and coordination of Anima Holding, have been allocated to a single CGU, all of which is dedicated to asset management activities and capable of generating income flows, with no separate segment reporting.

Consequently, the accounting information has not been presented separately by operating segment, in line with the internal reporting system used by management, which is based on the accounting data of those companies used for the preparation of the consolidated financial statements in compliance with the IAS/IFRS.

Similarly, no disclosures are provided concerning customers and non-current assets broken down by geographical area or information on the degree of reliance on major customers as that information is not felt to be material by management.

As the Group essentially has a single segment as regards disclosures concerning revenues from customers broken down by product/service, readers should refer to the detailed information on commission and fee income in the information on the income statement in these explanatory notes.

[1] Under IFRS 8, an operating segment is a component of an entity: a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity); b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and c) for which discrete financial information is available.

Earnings per share

Basic earnings per share were calculated by dividing consolidated net profit for the period by the weighted average number of ordinary shares in circulation.

	31/12/2018	31/12/2017
Weighted average number of shares (number)	360,126,319	360,126,319
Net profit (euros)	122,057,000	111,293,000
Basic earnings per share (euros)	0.33892830	0.30903878

Diluted weighted average number of shares (number)	363,643,630	363,643,630
Net profit (euros)	122,057,000	111,293,000
Diluted earnings per share (euros)	0.33565004	0.30604963

The following table provides a breakdown of the weighted average used in the calculation.

Reference date		Number of shares	Number of days	Temporal weighting factor	Annual weighted average number of shares
31/12/2017	Opening balance	308,138,023	101	28%	85,265,590
12/04/2018	Shares at the end of the Pre-Emption Period	379,340,210	8	2%	8,314,306
20/04/2018	Shares at the end of the Stock Exchange Offer	380,036,892	256	70%	266,546,423
31/12/2018		**380,036,892**	**365**	**100%**	**360,126,319**

The diluted weighted average number of shares takes account of the dilutive effect of the LTIP approved on 21 June 2018 by the Ordinary Shareholders' Meeting of the Parent Company and the Units granted through the date of approval of these consolidated financial statements.

PART B- INFORMATION ON THE CONSOLIDATED BALANCE SHEET

ASSETS

Section 1 – Cash and cash equivalents - item 10

	31.12.2018	31.12.2017
Cash	6	7
Duty stamps		
Total	**6**	**7**

The item reports cash on hand. Amounts available on bank accounts are reported under item 40 “Financial assets measured at amortized cost”.

Section 2 – Financial assets measured at fair value through profit or loss - item 20

2.5 Other financial assets mandatorily measured at fair value: composition by type

		Total 31.12.2018			Total 31.12.2017		
		Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1.	Debts securities				15,377		
	1.1 structured						
	1.2 other				15,377		
2.	Equity securities						
3.	Units in collective investment undertakings	88,629			135,307		
4.	Loans						
	4.1 Repurchase agreements						
	4.2 other						
Total		88,629	-	-	150,684	-	-

Units in collective investment undertakings regard units of funds established and operated by the subsidiaries Anima SGR and Anima AM Ltd.
The decrease compared with the previous year was mainly attributable to (i) the sale of the whole portfolio of financial instruments held by Gestielle SGR at 31 December 2017 for an amount of about €64.9 million (of which about €15.4 million of Italian government securities and about €49.6 million units of CIUs), (ii) the net increase in units of CIUs held by Anima SGR in the amount of about €5.2 million and (iii) the decrease in the fair value of the CIU portfolio realized at the date of the consolidated financial statements at 31 December 2018 in the amount of about €2.3 million.

2.6 Other financial assets mandatorily measured at fair value: composition by debtor/issuer

		Total 31.12.2018	Total 31.12.2017
1.	**Equity securities**		
	of which: banks		
	of which: other financial companies		
	of which: other non-financial companies		
2.	**Debt securities**		**15,377**
	a) Governments		15,377
	b) Banks		
	c) Other financial institutions		
	of which: insurance companies		
	d) Non-financial companies		
3.	**Units in collective investment undertakings**	**88,629**	**135,307**
4.	**Loans**		
	a) Governments		
	b) Banks		
	c) Other financial institutions		
	of which: insurance companies		
	d) Non-financial companies		
	e) Households		
	Total	**88,629**	**150,684**

Section 4 – Financial assets measured at amortized cost – Voce 40

4.1 Financial assets measured at amortized cost: composition by type

		Total 31.12.2018						Total 31.12.2017					
		Carrying amount			Fair Value			Carrying amount			Fair Value		
		First and second stage	Third stage	of which: impaired acquired or originated	Level 1	Level 2	Level 3	First and second stage	Third stage	of which: impaired acquired or originated	Level 1	Level 2	Level 3
1.	**Receivables for asset management services:**	**71,990**			-	**71,990**	-	**118,440**			-	**118,440**	-
	1.1 management of collective investment undertakings	57,907				57,907		86,666				86,666	
	1.2 individual portfolio management	9,954				9,954		19,279				19,279	
	1.3 pension fund management	4,129				4,129		12,495				12,495	
2.	**Receivables for other services:**	**284**			-	**284**	-	**398**			-	**398**	-
	2.1 advisory services	185				185		197				197	
	2.2 providing outsourced business services	-				-		-				-	
	2.3 other	99				99		201				201	
3.	**Other loans and receivables:**	**243,435**			-	**243,435**	-	**359,544**			-	**359,544**	-
	3.1 repurchase agreements	-			-	-	-	-			-	-	-
	of which government securities	-				-		-				-	
	of which other debt securities	-				-		-				-	
	of which equity securities and units in CIU	-				-		-				-	
	3.2 current accounts and deposit accounts	243,435				243,435		359,544				359,544	
	3.3 other	-				-		-				-	
4.	**Debt securities**	-				-		-				-	
	Total	**315,709**			-	**315,709**	-	**478,382**			-	**478,382**	-

The item "receivables for asset management services" includes i) receivables in respect of management and performance fees that the Group was mainly owed by funds it has established; ii) receivables for commissions and fees for portfolio management services; and iii) receivables for commissions and fees for asset management services provided to institutional and retail customers and pension funds. The item decreased compared with 31 December 2017 mainly in reflection of (i) a decrease of about €26.1 million in performance fees accrued by the Group in December 2018 compared with December 2017 (ii) a contraction of about €19.9 million in million receivables in respect of the tax in lieu on operating profit and the withholding tax on products under management.
The receivables were collected almost entirely in the month following the reporting date for these financial statements.

"Receivables for other services – advisory services" mainly include receivables for advisory services performed by the subsidiary Anima SGR for institutional customers.
"Other receivables" include the cash available on the current accounts held with leading banks.
Please see the consolidated statement of cash flows for details on the events giving rise to the generation and use of cash during the year.

4.2 Financial assets measured at amortized cost: composition by debtor/issuer

		Banks		Financial companies		Clients	
			of which belonging to the Group		of which belonging to the Group		of which belonging to the Group
1.	**Receivables for asset management services**	**51**		**4,328**		**67,610**	
1.1	management of collective investment undertakings			4,328		53,579	
1.2	individual portfolio management	51				9,902	
1.3	pension fund management					4,129	
2.	**Receivables for other services:**			**99**		**185**	
2.1	advisory services					185	
2.2	providing outsourced business services						
2.3	other			99			
3.	**Other loans and receivables:**	**243,435**					
3.1	repurchase agreements						
	.of which on gov't securities						
	.of which on other debt securities						
	.of which on equity securities and interests						
3.2	current accounts and deposit accounts	243,435					
3.3	other						
Total 31.12.2018		**243,486**	-	**4,427**	-	**67,795**	-
Total 31.12.2017		**359,622**		**3,097**		**115,663**	-

Section 8 – Property, plant and equipment – item 80

8.1 Property, plant and equipment used in operations: composition of assets carried at cost

		Total 31.12.2018	Total 31.12.2017
1.	**Owned**	**3,285**	**3,546**
	a) land	755	755
	b) building	1,065	1,150
	c) movables	338	291
	d) electronic plant	1,127	1,350
	e) other		
2.	**Finance leases**		
	a) land		
	b) building		
	c) movables		
	d) electronic plant		
	e) other		
	Total	**3,285**	**3,546**

Item d) "electronic plant" is composed primarily of electrical and electromechanical plant and IT hardware. Items a) "land" and b) "buildings" refer to a property used in operations located in Novara, for which the cost value of the land was separated from the value of the building. The value of the land is not depreciated.

8.5 Property, plant and equipment used in operations: change for the period

			Land	Building	Movables	Electronic plant	Other	Total 31.12.2018
A.		**Gross opening balance**	755	2,844	2,112	4,512	1,382	11,605
	A.1	Total net value adjustments	-	1,694	1,821	3,162	1,382	8,059
	A.2	**Net opening balance**	755	1,150	291	1,350	-	3,546
B.		**Increases**	-	-	109	347	-	456
	B.1.	Purchases			109	347		456
C.		**Decreases**	0	(85)	(62)	(570)	0	(717)
	C.1	Sales				(2)		(2)
	C.2	Depreciation		(85)	(62)	(567)		(714)
	C.7	Other changes				(1)		(1)
	D	**Net closing balance**	755	1,065	338	1,127	-	3,285
	D.1	Total net value adjustments	-	1,779	1,883	3,934	783	8,379
	D.2	**Gross closing balance**	755	2,844	2,221	5,061	783	11,664
	E	**Assets at cost**	755	1,065	338	1,127	-	3,285

Purchases for the year mainly regard electronic equipment (computers, servers and network equipment) and furniture (office desks).

Section 9 – Intangible assets - item 90

9.1 Intangible assets: composition by type of asset

		Total 31.12.2018		Total 31.12.2017 Restated		Total 31.12.2017	
		Assets valued at cost	Assets valued at fair value	Assets valued at cost	Assets valued at fair value	Assets valued at cost	Assets valued at fair value
1.	**Goodwill**	1,105,463		1,061,136		1,329,010	
2.	**Other intangible assets**	641,427		440,522		60,181	
	2.1 internally-generated intangible assets						
	2.2 other	641,427		440,522		60,181	
	of which software and other	4,717		4,523		4,523	
	of which other intangible assets	636,710		435,999		55,658	
	Total	**1,746,890**	**-**	**1,501,658**	**-**	**1,389,191**	**-**

The Gestielle business combination and the associated application of IFRS 3 through the PPA process involved the definitive recognition in the consolidated balance sheet of Anima Holding of the fair value of the property, plant and equipment and intangible assets from the acquisition of Gestielle (on 28 December 2017), as well as the recognition of residual goodwill. As provided for in that accounting standard, the effects on the consolidated financial statements at 31 December 2017 were restated. For more details please see Part A – Accounting policies – Other information – Business combinations – Business combinations carried out during the previous year – Retrospective adjustments" of these notes to the financial statements.
In addition, on 29 June 2018 Anima SGR closed the acquisition from Banca Aletti SpA of contracts for the management of insurance assets. The price paid for those assets amounted to about €138.6 million, recognized entirely as an intangible asset with a finite life.
On 1 November 2018 the partial demerger of a business unit ("Demerged Business") of BBF in favor of Anima SGR took effect, with the assignment to the latter of the assets, liabilities and legal relationships connected with the management of government assets underlying the life insurance activities carried out on behalf of Poste Vita SpA by BPF. The PPA process for the business combination led to the recognition of (i) an intangible asset denominated "Operating Agreement", whose value was determined on the basis of the expected cash flows generated by the assets under management over the term of the Operating Agreement of 6 March 2018 between Poste Italiane,

BPF, Poste Vita, Anima Holding and Anima SGR in the amount of €106.9 million and (ii) goodwill determined as a residual in the amount of €44.3 million. For more details please see Part A – Accounting policies – Other information – Business combinations during the year of these notes to the financial statements.

The table below provides a breakdown of the intangible assets recognized in the Group's consolidated financial statements:

	31.12.2018	*31/12/2017 R*	*31.12.2017*
Goodwill			
Goodwill identified in PPA (former Gestielle Sgr)	421,951	421,951	689,825
Goodwill identified in PPA (former Prima Sgr)	304,736	304,736	304,736
Goodwill identified in PPA Anima Sgr	316,738	316,738	316,738
Goodwill identified in PPA Compendio Scisso BPF	44,327		
Goodwill identified in PPA former Aperta SGR and former Lussemburgo Gestior	17,711	17,711	17,711
TOTAL CONSOLIDATED GOODWILL	1,105,463	1,061,136	1,329,010
OTHER INTANGIBLE ASSETS			
Intangible assets			
Intangible assets identified in PPA ex Prima Sgr	66,542	66,542	66,542
- Amortization and impairment for previous periods	(61,646)	(56,708)	(56,708)
- Amortization and impairment for current period	(3,981)	(4,938)	(4,938)
Residual value of intangible assets identified in PPA (former Prima SGR)	**915**	**4,896**	**4,896**
Intangible assets identified in PPA Anima Sgr	112,121	112,121	112,121
- *of which intangible assets recognized by Anima Sgr*	*17,745*	*17,745*	*17,745*
- Amortization and impairment for previous periods	(67,540)	(58,008)	(58,008)
- Amortization and impairment for current period	(9,532)	(9,532)	(9,532)
Residual value of intangible assets identified in PPA (Anima SGR)	**35,049**	**44,581**	**44,581**
Intangible assets PPA ex Aperta Sgr e ex Lussemburgo Gestioni SA	12,361	12,361	12,361
- *of which intangible assets recognized by former Aperta Sgr (now Anima Sgr,*	*9,680*	*9,680*	*9,680*
- Amortization and impairment for previous periods	(6,180)	(4,944)	(4,944)
- Amortization and impairment for current period	(1,236)	(1,236)	(1,236)
Residual value of intangible assets identified in PPA (former Aperta SGR and Lus. Gestioni SA)	**4,945**	**6,181**	**6,181**
Intangible assets identified in PPA former Gestielle Sgr	380,341	380,342	
- Amortization and impairment for previous periods	-		
- Amortization and impairment for current period	(25,355)		
Residual value of intangible assets identified in PPA (former Gestielle SGR)	**354,986**	**380,342**	**-**
Intangible assets identified in PPA Compendio Scisso BPF	106,875		
- Amortization and impairment for previous periods			
- Amortization and impairment for current period	(1,190)		
Residual value of intangible assets identified in PPA Compendio Scisso BPF	**105,685**		
Total consolidated intangible assets identified in PPA	501,581	436,000	55,658
Intangible assets in respect of management contracts	138,622		
- Amortization and impairment for previous periods			
- Amortization and impairment for current period	(3,493)		
Residual value of intangible assets in respect of management contracts	135,129		
Total Intangible assets	636,710	436,000	55,658
Other consolidated intangible assets	4,717	4,523	4,523
TOTAL OTHER INTANGIBLE ASSETS	641,427	440,523	60,181
TOTAL CONSOLIDATED INTANGIBLE ASSETS	1,746,890	1,501,658	1,389,191

Intangible assets with an indefinite life, represented by goodwill, total €1,105.5 million.

Intangible assets with a finite life are composed of:

- contracts, valued in the process of allocating the purchase price (PPA) of the former Prima SGR in 2009, during which the portfolio of contracts with customers was acquired for a residual value of €0.9 million. More specifically, given the characteristics of the acquisition and long-standing practices in the asset management industry, we identified "Assets Under Management (AUM)" as an intangible asset, the value of which is equal to the net margin on commissions and fees over the entire term of the contractual relationship acquired, breaking down the net profitability associated with the different types of assets managed. The volumes taken as the starting point for valuing the intangible asset referred to the AUM held by the companies at the acquisition date (31 March 2009);

- contracts, valued in the process of allocating the purchase price of Anima SGR in 2011, in which the portfolio of contracts with customers acquired and trademarks was acquired for a residual value of about €35 million. More specifically, given the characteristics of the acquisition and long-standing practices in the asset management industry, we identified the "AUM" as an intangible asset, the value of which is equal to the net margin on commissions and fees over the entire term of the contractual relationship acquired, breaking down the net profitability associated with the different types of assets managed. The volumes taken as the starting point for valuing the intangible asset referred to the AUM managed by the company at the acquisition date (29 December 2010). The estimated useful life of this intangible was set at ten years. In addition, we identified the intangible asset "trademark", the value of which was estimated based on the marketing costs incurred by the company in the 7 years prior to the acquisition and revalued at a rate of 2%. The estimated useful life of this intangible was determined on the basis of the duration of the company as set under the bylaws;
- contracts, valued in the purchase price allocation process for the former Aperta SGR and the former Lussemburgo Gestioni SA during 2013, in which customer relationships were attributed a residual value of €4.9 million. More specifically, given the characteristics of the acquisition and long-standing practices in the asset management industry, we identified "Portfolios managed (AUM)" as an intangible asset, the value of which is equal to the net margin on commissions and fees over the entire term of the contractual relationship acquired, breaking down the net profitability associated with the different types of assets managed. The following asset management products were identified: portfolio management products (GP) and open-end retail collective investment undertakings formed under Luxembourg law (International CIUs). The volumes taken as the starting point for valuing the intangible asset referred to the AUM managed by the company at the acquisition date (27 December 2012);
- contracts, valued in the purchase price allocation process for Gestielle SGR, in which customer relationships were attributed a residual value of €355 million. More specifically, given the characteristics of the acquisition and long-standing practices in the asset management industry, we identified "Customer Relationship" as an intangible asset, the value of which is equal to the net margin on commissions and fees over the entire term of the contractual relationship acquired, breaking down the net profitability associated with the different types of assets managed. The volumes taken as the starting point for valuing the intangible asset referred to the AUM managed by the company at the acquisition date (28 December 2017). The estimated useful life of this intangible was set at fifteen years, amortized on a straight-line basis;
- contracts for the management of insurance assets acquired by Anima SGR from da Banca Aletti on 29 June 2018 for a residual value of €135.1 million. More specifically, given the characteristics of the acquisition, the value of the intangible (equal to the price paid to Banca Aletti), was determined on the basis of the assets under management transferred to Anima SGR on the acquisition date (equal to about €9.4 billion). The estimated useful life of this intangible was set at twenty years, amortized on a straight-line basis.
- contracts, valued in the purchase price allocation process for the Demerged Business of BPF, for a residual value of €105.7 million. An intangible asset denominated "Operating Agreement" was identified, whose value was determined on the basis of the expected cash flows from the assets under management over the term of the Operating Agreement of 6 March 2018 between Poste Italiane, BPF, Poste Vita, Anima Holding and Anima SGR. Consistent with the guidelines established by IFRS 3, the AUM used in the valuation only regarded customer relationships established before the acquisition date. The ability to generate new relationships has not been valued in any way. The estimated useful life of this intangible was set at fifteen years, amortized on a straight-line basis.

Reconciliation of the carrying amount of the equity investment in the separate financial statements of Anima Holding at 31 December 2018 and the value of the intangible assets reported in the consolidation statements at 31 December 2018

Equity investments recognized by Anima Holding (separate financial statements)		**1.784.220**
Adjustment for LTIP of the investment recognized on Anima Holding		**(31.522)**
Adjustment for grant payment for acquisition of management contracts from Banca Aletti		**(90.000)**
Shareholders' equity of Anima SGR at acquisition date		**(172.084)**
Anima SGR	(161.509)	
Anima SGR (rif. Gestielle SGR)	(10.175)	
Anima SGR (rif. BPF)	(400)	
Consolidation differences of subsidiaries of Anima SGR		**9.186**
Lussemburgo Gestioni SA	5.836	
Anima Management Company SA	5.218	
Anima Asset Management Ltd e ex AAA IF	(1.868)	
Goodwill in the equity investments at acquisition date		**25.686**
Anima SGR	25.686	
Adjustments to intangible assets recognized in PPA (net of deferred taxes)		**(453.849)**
Anima SGR (PPA previous years)	(91.164)	
Anima SGR recognized in the separate financial statements of subsidiary)	(17.745)	
Anima SGR (rif. Aperta SGR and Luss. Gestioni)	7.886	
Anima SGR (recognized in the separate financial statements of subsidiary and rif. Aperta SGR and Luss. Gestioni)	(9.680)	
Anima SGR (rif. Gestielle SGR)	(267.874)	
Anima SGR (rif. BPF)	(75.272)	
Liabilities for contingent consideration identified in PPA of former Aperta		**(657)**
Contingent consideration identified in PPA	1.843	
Contingent consideration recognized in separate financial statements of Anima Holding at 31.12.2014	(2.500)	
Writedown in IS of incidental expenses related to acquisition of equity investment (IFRS 3)		**(20.256)**
Other adjustments under IAS/IFRS		**(609)**
Anima SGR (adjustment of subordinated loan to fair value at acquisition date net of deferred taxes)	(609)	
Recognition in consolidated IS of price adjustment (IFRS 3)		**55.494**
Adjustment of gain on disposal of intercompany interest previous periods		**(146)**
Total goodwill reported in consolidated financial statements at 31/12/2018		**1.105.463**
Reconciliation of intangible assets in the consolidated financial statements at 31/12/2018		
Fair value of intangible assets identified in PPA gross of amortization and deferred taxes		678.240
Fair value of other intangible assets with a finite life		138.622
Amortization of intangible assets 2009-2018		(180.152)
Total intangible assets in consolidated financial statements at 31/12/2018		**636.710**
Other consolidated intangible assets		**4.717**
Total intangible assets in the consolidated financial statements at 31/12/2018		**1.746.890**

Impairment testing

Under IAS 36, goodwill is tested for impairment on an annual basis to determine whether it is recoverable.

Impairment is present whenever the carrying amount of an individual asset or a CGU (i.e. the smallest "revenue center" to which it is possible to allocate specific cash flows) is greater than its recoverable amount.

For this purpose, goodwill must be allocated to individual assets or CGUs in such a way that they benefit from the synergies arising from the combination, regardless of whether other assets and liabilities acquired are assigned to those assets or CGUs.

In the consolidated financial statements of Anima Holding, intangible assets with an indefinite life, represented by goodwill, amounted to a total of €1,105.5 million.

Following the various acquisitions and mergers in recent years, the above goodwill was treated as a one, undifferentiated item, because:

- Anima Holding Group's management operates the companies as if they were a single CGU, capable of generating income and cash flows;
- there is no separate segment reporting for the assets acquired;
- Anima Holding does not possess any assets or liabilities that are unrelated to its business (so-called "surplus assets").

The CGU to which the goodwill has been allocated also includes intangible assets identified during PPA with finite useful life, with a total residual value (net of amortization and deferred taxation) of about €489.1 million. The impairment testing is conducted to determine how well the carrying amount of the single CGU identified ("Anima CGU"), equal to €1,594.6 million, has held its value.
For the purposes of the impairment testing procedure, already analyzed by the Parent Company's Controls and Risks Committee on 25 February 2019 and approved by the Board of Directors on 27 February 2019, the Group used the value in use method to determine whether goodwill is recoverable.

<u>Method: Value in use</u>
Value in use is determined by estimating the present value of future cash flows that the Anima CGU is expected to generate. The value of an asset is determined by discounting future cash flows including the terminal value calculated as a perpetuity based on an economically sustainable normalized flow that is consistent with the long-term growth rate.
The discounting of the cash flows is used to determine the enterprise value of the CGU.
The discounted cash flow method was applied to the cash flows of the Anima CGU to estimate the value in use.

<u>Cash flows</u>
Under IAS 36, cash flow projections should be based on the most recent financial budgets/ business plans approved by management and on an estimate of cash flows beyond the period covered by the budgets/business plans by extrapolating the projections based on the budgets/forecasts.
On 5 March 2018, the Board of Directors of the Parent Company approved Group 2018-2020 Business Plan ("Business Plan"), whose main guidelines are as follows:

- completion of the acquisitions defined in 2017, accompanied by the strengthening of partnerships and the acquisition of new networks;
- expansion and strengthening of the range of investment products through:
  - initiatives to specialize and rationalize organizational units;
  - expansion of asset classes.
- enhancement of the efficiency and effectiveness of the new operating model through:
  - integration and rationalization of front-, back- and middle-office activities;
  - corporate simplification, exploring areas of efficiency and ensuring the necessary skills are available to support the Business Plan initiatives.

On 6 February 2019, the Board of Directors of the Parent Company approved the Group's 2019 Budget, which was drawn up with the same methods and in continuity with the guidelines of the Business Plan, updated to take account of developments in 2018 compared with the original expectations set out in the Business Plan, in particular a reduction in funding and performance fees.
To estimate of the value in use for the explicit period 2019-2021, it was considered appropriate to consider the flows indicated in the 2019 budget, with the projections for the remaining 2 years estimated in compliance with the guidelines of the Business Plan, updated to take account of the values included in the 2019 Budget.
The following elements were therefore considered:

- opening AUM updated to 31 December 2018, with incorporation of data on the actual asset mix;
- for the 2020-2021 period, growth in total AUM in line with that projected in the 2019 Budget;
- recurring profitability in line with the remix of AUM for 2018;

- performance fees estimated with the same methodology used for the Plan;
- administrative expenses considered essentially stable over the forecast period.

Discount rate
To determine the value in use, cash flows must be discounted at a rate that reflects both the time value of money and the risks specific to the business conducted. The discount rate used is equal to 9.31% (8.19% in the previous year), calculated in line with best valuation practices, and corresponds to the cost of equity, equal to the rate of return on equity demanded by investors/shareholders for investments with similar risk profiles. This rate was estimated using the Capital Asset Pricing Model (CAPM) on the basis of the following formula:
Ke = Rf + Beta * (Rm-Rf)
Rf = risk-free interest rate, determined on the basis of the 12-month average annual gross yield on 10-year Italian treasury bonds (BTPs), measured at 31 December 2018, equal to 2.61%;
Rm - Rf = market risk premium, set at 5.96%, in line with valuation practices;
Beta set equal to 1.12 (compared with 1.2 the previous year): it was estimated as the median of a sample of comparable asset managers operating in the asset management sector in Europe and North America for a 5-year time horizon.
A perpetual growth rate of 1.5% was used to calculate the terminal value (unchanged from previous year), in line with long-term inflation forecasts provided by reliable external sources (IMF, ECB).
The discounted flows are considered net of tax using a tax rate equal to current tax rates applicable as of the date of these consolidated financial statements.

Sensitivity analysis
In order to better gauge the sensitivity of the results of the impairment tests to changes in the underlying assumptions, sensitivity analysis was performed. For the purposes of calculating value in use, an analysis was conducted of sensitivity in respect of the overall discount rate (Ke) and the growth rate used to calculate the terminal value. The ranges of change analyzed were as follows:
- Ke between 8.31% and 10.31%;
- growth rate in perpetuity of between 0.5% and 2%;

“Stress scenario”
In addition to the above, another scenario analysis was conducted using “stressed” market assumptions.
The purpose of this analysis is to identify, using a composite approach, the risks of a deterioration in profitability due to: i) a reduction in net funding flows as a result of the termination of existing distribution agreements; ii) market shocks; and iii) additional costs associated with regulatory changes.
The scenario envisages a linear reduction in future EBITDA compared with the projections: reduction in EBITDA of 5%, 10% and 20%.

Results of impairment testing
The results of the impairment testing did not reveal any impairment of goodwill or intangible assets with a finite useful life in either the baseline scenario or in the stress scenario.
For the purposes of the sensitivity analysis of the baseline scenario:
- using the change in the overall discount rate (Ke) to 10.31%, recoverable value falls by 11.36%;
- using the change in the growth rate in perpetuity to 0.5%, recoverable value falls by 9.75%;
- in the most extreme case in the sensitivity analysis of the two components above, recoverable value falls by 18.99%;

In all the scenarios presented above, recoverable value is higher than the carrying amount of Anima CGU.
An analysis was also conducted to identify the “threshold” discount rate and growth rate that equalizes the value in use of the Anima CGU with its carrying amount. That value was found to be

12.81%, while in the most extreme stress scenario (EBITDA down 20%), the threshold discount rate falls to 10.54%.
As part of the impairment testing process, Anima Holding asked the external advisor KPMG Advisory SpA to prepare a fairness opinion on the determination made by the Parent Company of the recoverable value of the Anima CGU. The main comments of KPMG Advisory SpA on the analysis performed by Anima Holding were:

- the valuation criteria adopted are widely used in the most well-established valuation practices and supported by the most reliable scholarship on business valuation;
- the methodology was appropriately applied and mathematically accurate;
- the valuation parameters adopted are reasonable and not arbitrary.

Accordingly, KPMG Advisory SpA believes that the valuation methods adopted by Anima Holding's management are appropriate and that they were properly applied in determining the recoverable value of the Anima CGU.

Finally, as of the date of approval of these consolidated financial statements, there is no external evidence of impairment to be considered.

9.2 Intangible assets – Change for the period

		31.12.2018
A.	**Opening balance**	**1,501,658**
B.	**Increases**	**291,850**
	B.1 Purchases	291,850
C.	**Decreases**	**46,618**
	C.2 Amortization	46,618
D.	**Closing balance**	**1,746,890**

Item "B. Increases – B1 Purchases" mainly reflects the purchase from Banca Aletti of the management contracts for insurance assets and the intangible assets from the PPA process for the business combination involving the Demerged Business of BPF.

Section 10 – Tax assets and tax liabilities - items 100 of assets and 60 of liabilities

Tax assets/liabilities report the net balance of the tax positions of the individual Group companies with regard to their respective tax authorities.
The Parent Company and the subsidiary Anima SGR have opted to participate in a Group taxation mechanism pursuant to Article 117 et seq. of the Uniform Income Tax Code (the so-called "National Consolidated Taxation Mechanism"). For that reason, in the balance sheet the net balance of payments on account and the Group's ordinary corporate income tax (IRES) for the period is reported in "Current tax assets" or "Current tax liabilities".

10.1 Current and deferred tax assets: composition

	31.12.2018	31.12.2017
IRAP (regional business tax)	4,063	898
IRES (corporate income tax)	21,647	2,417
Total	**25,710**	**3,315**

The value reported for IRES purposes (about €21.6 million) is the result of payments on account in 2018 (about €65.3 million) and the withholding tax on interest income from current accounts and the tax credit from the gain on the disposal of collective investment undertakings by the subsidiary

Anima SGR (about €1 million), net of the IRES liability calculated on the Group's taxable income for the year (€44.6 million).
The IRAP (regional business tax) credit of €4.1 million, pertains to the subsidiary Anima SGR.

The following table reports the events that gave rise to timing differences and the associated deferred tax assets.

	31.12.2018	31.12.2017
Provisions for risks and charges	353	763
Discharge of tax liability in respect of goodwill	2,114	2,114
Amortization former Aperta SGR eliminated in FTA	132	132
Impairment of intangible assets	112	171
Hedging derivatives	465	
Actuarial losses - termination benefits	64	73
Other	83	397
Total	**3,323**	**3,650**

10.2 Current and deferred tax liabilities: composition

	31.12.2018	31.12.2017
IRAP (regional business tax)	3,272	4,162
IRES (corporate income tax)		29,933
Other (foreign taxes)	116	134
Total	**3,387**	**34,229**

The IRAP (regional business tax) liability, of about €3.3 million, pertains to the Parent Company, while the liability for foreign taxes pertains to the Irish subsidiary Anima AM Ltd.

The following table reports the events that gave rise to timing differences and the associated deferred tax liabilities.

	31.12.2018	31.12/2017 Restated	31.12.2017
Goodwill	5,510	5,054	5,054
Intangible assets identified during PPA	148,291	128,877	16,410
Other	74	129	129
Total	**153,875**	**134,060**	**21,593**

As regards the deferred tax liabilities in respect of the intangible assets identified in the PPA process, see the discussion in section "Accounting policies – Other information – business combinations" of these notes to the financial statements.

10.3 Changes in deferred tax assets (recognized in income statement)

		31.12.2018	31.12.2017
1.	**Opening balance**	3,463	2,388
2.	**Increases**	257	1,438
	2.1 Deferred tax assets recognized during the period	257	261
	a) in respect of previous periods		
	b) due to changes in accounting policies		
	c) writebacks		
	d) other	257	261
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		1,177
3.	**Decreases**	789	363
	3.1 Deferred tax assets derecognized during the period	789	363
	a) reversals	777	363
	b) writedowns for supervening non-recoverability		
	c) due to changes in accounting policies		
	d) other	12	
	3.2 Reduction in tax rates		
	3.3 Other decreases		
	a) transformation in tax credit - Law 214/2011		
	b) other		
4.	**Closing balance**	2,931	3,463

10.3.1 Changes in deferred tax assets as referred to in Law 214/2011 (recognized in income statement)

		31.12.2018	31.12.2017
1.	Opening balance	2,246	1,702
2.	Increases		571
3.	Decreases	-	27
	3.1 Reversals		27
	3.2 Transformation in tax credit		
	a) from loss for period		
	b) from tax losses		
	3.3 Other decreases		
4.	Closing balance	2,246	2,246

10.4 Changes in deferred tax liabilities (recognized in income statement)

		31.12.2018	31/12/2107 Restated	31.12.2017
1.	**Opening balance**	**133,988**	**25,054**	**25,054**
2.	**Increases**	**32,059**	**112,975**	**508**
	2.1 Deferred tax liabilities recognized during the period	456	456	456
	a) in respect of previous periods			
	b) due to changes in accounting policies			
	c) other	456	456	456
	2.2 New taxes or increases in tax rates			
	2.3 Other increases	31,603	112,519	52
	- business combinations	31,603	112,467	
3.	**Decreases**	**12,188**	**4,041**	**4,041**
	3.1 Deferred tax liabilities derecognized during the period	12,188	4,041	4,041
	a) reversals	12,188	4,041	4,041
	b) due to changes in accounting policies			
	c) other			
	3.2 Reduction in tax rates			
	3.3 Other decreases			
4.	**Closing balance**	**153,858**	**133,988**	**21,521**

Item “2 – Increases – 2.3 Other increases – business combinations” includes the deferred tax liability recognized in respect of the intangible identified during PPA in respect of the acquisition of the Demerged Business from BPF.

10.5 Changes in deferred tax assets (recognized in shareholders' equity)

		31.12.2018	31.12.2017
1.	**Opening balance**	**187**	**581**
2.	**Increases**	**466**	**140**
	2.1 Deferred tax assets recognized during the period	466	109
	a) in respect of previous periods		
	b) due to changes in accounting policies		
	c) other	466	109
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		31
3.	**Decreases**	**124**	**534**
	3.1 Deferred tax assets derecognized during the period	124	534
	a) reversals	124	534
	b) writedowns for supervening non-recoverability		
	c) due to changes in accounting policies		
	d) other		
	3.2 Reduction in tax rates		
	3.3 Other decreases		
4.	**Closing balance**	**529**	**187**

Item “2. Increases – 2.1 Deferred tax assets recognized during the period – c) other” reports the recognition of the tax effect of the interest rate swaps obtained to hedge the risk of changes in 6-month Euribor (used as the basis parameter for the outstanding loan), for which changes in their fair value are recognized in the valuation reserves net of that tax effect.

10.6 Changes in deferred tax liabilities (recognized in shareholders' equity)

		31.12.2018	31.12.2017
1.	**Opening balance**	**72**	**841**
2.	**Increases**	**-**	**5**
	2.1 Deferred tax liabilities recognized during the period		5
	a) in respect of previous periods		
	b) due to changes in accounting policies		
	c) other		5
	2.2 New taxes or increases in tax rates		
	2.3 Other increases		
3.	**Decreases**	**56**	**774**
	3.1 Deferred tax liabilities derecognized during the period	56	774
	a) reversals	56	774
	b) due to changes in accounting policies		
	c) other		
	3.2 Reduction in tax rates		
	3.3 Other decreases		
4.	**Closing balance**	**16**	**72**

Section 11 – Non-current assets and groups of assets held for sale and associated liabilities - item 110 of assets and 70 of liabilities

The item had a nil balance at the date of these consolidated financial statements.
At 31 December 2017, the item included the value of the minority stakes in two consortium companies of the Banco BPM Group (Società Gestione Servizi Banco Popolare Soc. Cons. p.az. and BP Property Management Soc. Cons. a r.l.) held by Gestielle SGR, equal to about €0.7 million.
Those investments were reported under this item following the signing of a “put/call” option contract (on 28 December 2017 between Anima Holding and the Banco BPM Group), to be exercised within twelve months of the signing.
On 6 December 2018, the investments were sold to Banco BPM at the carrying amount recognized in the consolidated financial statements at 31 December 2017.

Section 12 – Other assets – item 120

12.1 Other assets: composition

		31.12.2018	31.12.2017
1.	**Tax receivables**	**13,932**	**16,048**
	Application for reimbursement of IRES for IRAP deduction	1,301	1,301
	VAT credit	703	1,463
	Virtual stamp duty	11,829	12,859
	Other receivables	99	425
2	**Sundry receivables**	**14,148**	**17,007**
	Accrued income and prepaid expenses	3,100	3,286
	Prepaid one-off placement fees	2,711	3,788
	Due in respect of reimb. of IRES for IRAP ded.	1,975	2,117
	Due from former shareholders in respect of indemnities	4,304	4,304
	Other	1,382	2,742
	Leasehold improvements	676	770
Total		**28,080**	**33,055**

"Other assets" includes (i) tax receivables in the amount of about €13.9 million, (ii) accrued income and prepaid expenses totaling about €3.1 million, (iii) prepaid one-off placement fees to distributors totaling about €2.7 million, (iv) receivables in respect of applications for reimbursement of corporate income taxes (IRES) in connection with the non-deduction of IRAP in respect of personnel expenses (pursuant to Article 2, paragraph 1-*quater*, of Decree-Law 201/2011, for the 2004–2011 tax periods, submitted with the former consolidating shareholders Banca Monte dei Paschi di Siena, Banco BPM and Credito Valtellinese), in the amount of about €2 million, (v) receivables due from former shareholders in respect of indemnities under the agreements entered into by the Parent Company in December 2010 in the amount of about €4.3 million; (vi) assets in respect of leasehold improvements in the amount of €0.7 million and (vii) other receivables totaling about €1.4 million.

LIABILITIES

Section 1 – Financial liabilities measured at amortized cost – item 10

1.1 Financial liabilities measured at amortized cost: composition by type

		31.12.2018	31.12.2017
1.	Due to sales networks:	135,986	237,414
	1.1 for placement of collective investment undertakings	130,620	229,938
	1.2 for placement of individual portfolio management products	3,861	6,116
	1.3 for placement of pension fund products	1,505	1,360
2.	Due for management activities:	1,238	1,590
	2.1 for management of own portfolios		
	2.2 for management of third-party portfolios	374	26
	2.3 other	864	1,564
3.	Due for other services:	715	914
	3.1 advisory services		
	3.2 outsourced business services		
	3.3 other	715	914
4.	Other amounts due	640,059	696,208
	4.1 repurchase agreements		
	of which government securities		
	of which debt securities		
	of which equity securities and interests		
	4.2 other	640,059	696,208
Total		**777,998**	**936,126**
	Fair value - level 1		
	Fair value - level 2	**777,998**	**936,126**
	Fair value - level 3		
Total fair value		**777,998**	**936,126**

The item “due to sales networks” in the table is almost entirely accounted for by commissions to be paid to the distributors of products created and managed by the Group. Those commissions will be almost entirely paid in the first quarter of 2019. The decrease compared with 31 December 2017 is mainly due to the contraction in the debtor position of Gestielle (which adjusted its procedures to match the payment schedule of the Group).
The item “Other amounts due” is composed of the loan agreed on 9 November 2017 (and modified on 5 March 2018) by Anima Holding, which provided for the opening of credit lines totaling €990 million, broken down as follows:

i) a medium/long-term credit line granted by a pool of banks (Banca Monte dei Paschi di Siena S.p.A., BPM S.p.A., Mediobanca Banca di Credito Finanziario S.p.A., MPS Capital Services, Banca per le Imprese S.p.A., Intesa SanPaolo S.p.A., UniCredit S.p.A., Credito Valtellinese S.p.A. and Banca Popolare di Puglia e Basilicata S.c.p.A. – the “Lender banks”) in the maximum amount of €550 million (the “Term Loan”). That line was drawn in the amount of €450 million for the acquisition of Gestielle SGR by Banco BPM (“Tranche A”) at 28 December 2017, and on 28 June 2018 for the acquisition of contracts for the management of insurance assets from Banca Aletti (“tranche B”); the residual amount on the latter tranche (€10 million) was not used and was cancelled on 29 June 2018;

ii) a bridge-to-equity credit line granted by a pool of banks (Banca Monte dei Paschi di Siena S.p.A., Bank of America Merrill Lynch Intl. Ltd., BPM S.p.A. and Mediobanca Banca di Credito Finanziario S.p.A.) in the maximum amount of €300 million (the “Bridge Loan”). At 28 December 2017, that line of credit was drawn in the amount of €250 million and then repaid following the successful completion of the capital increase on 16 April 2018;

iii) a liquidity line of credit granted by a pool of banks (Banca Monte dei Paschi di Siena S.p.A. Bank of America Merrill Lynch Intl. Ltd. BPM S.p.A. and Mediobanca Banca di Credito Finanziario S.p.A.) in the maximum about of €20 million – the Liquidity Loan. That line of credit was not drawn and expired on 31 March 2018.
iv) an additional medium/long-term credit line ("Additional Term") granted to the Parent Company on 5 March 2018 by the Lender banks in the maximum amount of €120 million by signing an Agreement to amend the original loan agreement signed on 9 November 2017, exclusively intended to finance the operation announced with the signing of the Poste Italiane MoU on 21 December 2017 ("MoU Poste Italiane"). That credit line was entirely drawn on 1 November 2018 to purchase the shares of Anima SGR transferred to Poste Italiane in respect of the Demerged Business.

The following table summarizes (in thousands of euros) the credit lines granted and the drawings on those lines as at 31 December 2018:

	Credit line	Amount drawn at 31.12.2018	Principal repayments	Outstanding debt at 31.12.2018 (nominal value)	Final due date
Term Loan - Tranche A	450,000	450,000	12,273	437,727	09/11/2022
Term Loan - Tranche B	100,000	90,000	2,455	87,545	09/11/2022
Additional Term Loan	120,000	120,000		120,000	05/03/2024
Total	**670,000**	**660,000**	**14,728**	**645,272**	

The nominal value at 31 December 2018 of the above loan amounted to €645.3 million, reflecting scheduled principal repayments in June of about €14.7 million.
The loan is carried at amortized cost, in the amount of about €640 million. The difference between its nominal value at the amortized cost is attributable to capitalized transaction costs of about €5.3 million, connected with the activation of Tranche A, Tranche B and the Additional Term of the loan.
For more details on the terms and conditions of the loan, see Part D – Other information– Section 3 – Risks and risk management policies - 3.1 Financial risks" of these notes to the financial statements.

1.5 Financial liabilities measured at amortized cost - Debt: composition by counterparty

		Banks		Financial institutions		Customers	
			of which of the Group		of which of the Group		of which of the Group
1.	**Due to sales networks:**	**129,969**		**464**		**5,553**	
1.1	for placement of collective investment undertakings	124,705		362		5,553	
1.2	for placement of individual portfolio management products	3,861					
1.3	for placement of pension fund products	1,403		102			
2.	**Due for management activities:**	**9**		**64**		**1,165**	
2.1	for management of own portfolios						
2.2	for management of third-party portfolios	9				365	
2.3	other			64		800	
3.	**Due for other services:**	**715**					
3.1	advisory services						
3.2	outsourced business services						
3.3	other	715		-		-	
4.	**Other amounts due**	**640,059**					
4.1	repurchase agreements						
4.2	other	640,059					
	Total 31.12.2018	**770,752**	**-**	**528**	**-**	**6,718**	**-**
	Total 31.12.2017	**928,026**	**-**	**689**	**-**	**7,411**	**-**

Section 4 – Hedging derivatives – item 40

4.1 Hedging derivatives: composition by type of hedge and fair value hierarchy level

	31.12.2018				31.12.2017			
	Fair Value			NV	Fair Value			NV
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
A. Financial derivatives								
1. Fair value								
2. Cash flow		1,572		275,000				
3. Investments in foreign operations				-				
Total A	-	1,572	-	275,000	-	-	-	-
B. Credit derivatives								
1. Fair value				-				
2. Cash flow				-				
Total B	-	-	-	-	-	-	-	-
Total	-	1,572	-	275,000	-	-	-	-

The item includes the fair value of interest rate swaps (IRS) obtained to hedge the risk of fluctuations in the six-month Euribor (the basis parameter for the outstanding loan), which is replaced with the payment of a fixed rate (a cash flow hedging strategy).
The IRS contracts were signed by the Parent Company on 27 June 2018, implementing the terms of the loan agreement signed on 9 November 2017 with specific regard to Tranche A and Tranche B, for a total notional value of €275 million (equal to about 52.35% of the outstanding debt). The contracts hedge the two tranches for the entire time horizon of the debt outstanding at 31 December 2018.
The Company verified the existence of all the conditions set out in IFRS 9 for the use of hedge accounting for the transaction. Consequently, the portion of changes in the fair value of the derivatives not related to interest payments on the loan already recognized through profit or loss are

recognized in revaluation reserves (net of tax effects) and are reported in the statement of comprehensive income.

4.2 Composition of "Hedging derivatives": hedged portfolios and type of hedge

	Fair value							Cash flows		Investments in foreign operations
	Specific						Generic	Specific	Generic	
	debt securities and interest rates	equity securities and equity indices	currencies and gold	credit	commodities	other				
1. Financial assets at fair value through comprehensive income										
2. Financial assets measured at amortized cost										
3. Portfolio										
4. Other transactions										
Total assets	-	-	-	-	-	-	-	-	-	-
1. Financial liabilities								1,572		
2. Portfolio										
Total liabilities	-	-	-	-	-	-	-	1,572	-	-
1. Forecast transactions										
2. Portfolio of financial assets and liabilities										

Section 8 – Other liabilities - item 80

8.1 Composition of Item 90 "Other liabilities"

	31.12.2018	31.12.2017
Due to suppliers for invoices to be paid and received	9,800	14,800
Due to employees and social security institutions	16,035	16,988
Withholding tax to be paid (on CIU, pension fund and portfolio management income)	3,644	32,124
Due to tax authorities (IRPEF, VAT, other)	1,429	1,566
Due for virtual stamp duty	4,671	6,018
Due to former shareholders for prior-year items	3,383	3,383
Liabilities for price adjustment in business combination	0	113,738
Accrued expense and deferred income	333	482
Sundry payables	531	4,980
Total	**39,824**	**194,079**

"Other liabilities" include: (i) amounts due to suppliers, (ii) amounts due to employees and social security institutions including, among other elements, the variable component of remuneration and extraordinary payables connected with consensual agreements with personnel, (iii) the liabilities in respect of tax consolidation agreements from previous years and agreements signed by the Parent Company with former shareholders in December 2010; (iv) liabilities for withholding tax and other taxes to be paid to tax authorities in respect of asset management products (v) sundry payables.
The decrease in the item compared with 31 December 2017 is mainly due to the deferred price for the acquisition of Gestielle SGR, paid in June by the Parent Company to Banco BPM in the amount of €113.7 million, as well as a decrease of about €25 million in payables to tax authorities for withholdings, taxes in lieu and stamp duty.

Section 9 – Deferred remuneration benefits - item 90

9.1 Deferred remuneration benefits: change for the period

		31.12.2018	31.12.2017
A.	**Opening balance**	**2,647**	**1,773**
B.	**Increases**	**99**	**904**
	B.1. Provision for the period	40	55
	B.2. Other increases	59	849
C.	**Decreases**	**262**	**30**
	C.1. Benefit payments	192	30
	C.2. Other decreases	70	
D.	**Closing balance**	**2,484**	**2,647**

9.2 Other information

The following table reports the main assumptions used in the actuarial measurement of the liability:

Underlying assumptions	**31/12/2018**	**31/12/2017**
Turnover rate	2%	2%
Rate of advances	1%	1%
Mortality tables (by gender)	ISTAT 2017	ISTAT 2016
Inflation rate	1.75%	1.75%
Discount rate	1.50%	1.40%
Value of obligation	2,484	2,647

Finally, the following tables report the sensitivity analysis and the additional disclosures required under IAS 19:

Sensitivity analysis	**% change in base rate**	**Value of obligation**	**Change in value of obligation**
Inflation rate	0.25%	2,453	-31
Inflation rate	-0.25%	2,515	31
Discount rate	0.25%	2,536	52
Discount rate	-0.25%	2,434	-50
Turnover rate	1%	2,496	12
Turnover rate	-1%	2,473	-11
Expected disbursements in future years based upon underlying actuarial assumptions			
31 December 2019		206	
31 December 2020		91	
31 December 2021		74	
31 December 2022		76	
31 December 2023		212	
1 January 2024 -31 December 2028		700	

In order to determine the inflation rate, reference was made to the medium-term projection of the European Central Bank, with a specific adjustment for Italy, while for the discount rate, reference was made to the AA corporate bond yield curve at 31 December 2018.

Section 10 – Provisions for risks and charges – item 100

10.1 "Provisions for risks and charges": composition

	31.12.2018	31.12.2017
1. Provisions for committments and guarantees issued	106	6
2. Post-employment benefits		
3. Other provisions	1,330	3,477
3.1 Litigation and tax disputes	397	861
3.2 Personnel costs	685	2,255
3.3 Other	248	361
Total	**1,436**	**3,483**

For the "Garanzia 1+" and "Incremento e Garanzia 5+" segments of the Arti&Mestieri open-end pension fund and the "Linea Garantita" of the ICBPI Group closed pension fund, the subsidiary Anima SGR guarantees subscribers a minimum amount, equal to the amount paid by the subscriber regardless of the performance of the segments. At 31 December 2018 the difference between the nominal value of the principal subscribed and guaranteed and the value of the units of those segments at the reference date was about €0.28 million.
Anima SGR has specified the criteria and procedures adopted to determine the commitment in a specific policy "Criteria and procedures for the determination of the commitments undertaken for the management of pension funds accompanied by a capital repayment guarantee", which was amended by the subsidiary's Board of Directors on 15 February 2019. That document, which was submitted for an opinion to the audit firm (Deloitte & Touche S.p.A.) and the control body (Board of Auditors), and must be sent to the Bank of Italy under applicable regulations.
In order to balance and manage the risk, that policy establishes that the Risk Management unit of Anima SGR shall estimate the commitments assumed in respect of the capital repayment guarantee it has issued, using an IT tool based on a Monte Carlo simulation method.
The tool estimates the value of the guarantee for each participant using a prospective reserve approach. The valuation is implemented as the value of the guarantee weighted by the probability of retroceding the guarantee within the time horizon. The probability of paying out the guarantee takes account of the initial situation of the participants, the probability of retirement, the probability of death or disability, the probability of unemployment, the probability of a request to transfer the position to another fund or segment, expectations about the number of new participants and the events that would trigger the payment of the guarantee as provided for in the fund rules.
For each guarantee enforcement scenario, the tool simulates a large number of possible values of the fund units (at least 50,000) in order to calculate the amount that Anima SGR would have to pay to participants. The simulation of each scenario takes account of the initial value of the fund or class unit and its future evolution, described as a geometric Brownian motion parameterized with the expected yield and volatility of the fund's portfolio.
Once the distribution of possible losses is calculated over the reference time horizon, the 99.5th percentile is observed to determine Anima SGR's commitment in respect of the risk.
Given the one-year time horizon and taking account of the accounting practice for liabilities whose maturity does not exceed twelve months, the value of the resulting estimate is not discounted.
At 31 December 2018, the estimated commitment of the Group was about €0.1 million, which is reported under item "1 – Provisions for commitments and guarantees issued".
"3. Other provisions", equal to about €1.3 million, reports, in sub-item "3.1 Litigation and tax disputes", provisions for sundry litigation, including the costs of the related legal/tax advice, while sub-item "3.2 Personnel costs" reports provisions for extraordinary settlement agreements being

defined with employees for which there is no certainty about the amounts to be paid and residual amounts to be paid to employees under the bonus system (partly for staff from Gestielle SGR). The sub-item "3.3 Other" reports administrative charges provisioned in previous years.
No provisions have been recognized for suits in which the Group is a joint and severally liable party but for which, on the basis of previous rulings in the same type of litigation or in the opinion of external consultants, no charges are expected to be incurred.
See the section "Other information – Tax issues" of the report on operations accompanying these consolidated financial statements for a discussion of the potential risks associated with tax litigation.

10.2 "Provision for post-employment benefits" and "Other provisions for risks and charges": change for the period

		Post-employment benefits	Other provisions	31.12.2018
A.	**Opening balance**		**3,477**	**3,477**
B.	**Increases**		**686**	**686**
	B.1 Provision for the period		685	685
	B.2 Changes due to passage of time			
	B.1 Changes due to changes in the discount rate		1	1
	B.1 Other increases			
C.	**Decreases**		**(2,833)**	**(2,833)**
	C.1 Use during the period		(2,528)	(2,528)
	C.2 Changes due to changes in the discount rate			
	C.3 Other decreases		(305)	(305)
D.	**Closing balance**		**1,330**	**1,330**

The amount reported under item "B.1 – Provision for the period" mainly reflects the increase attributable to the costs for consensual agreements with personnel. Item "C. Decreases – C.1 Use during the period" mainly reports the use of provisions accrued in previous periods in respect of costs for personnel whose amount was uncertain, while item "C. Decreases – C3 Other decreases" regards the reversal through profit or loss of excess provisions following the settlement of the obligations that had prompted the original provision.

Section 11 – Shareholders' equity – items 110, 120, 130, 140, 150 and 160

11.1 Composition of item 120 "Share capital"

	31.12.2018	31.12.2017
1. Share capital	**7,292**	**5,926**
1.1 Ordinary	7,292	5,926
1.2 Other		

Al 31 December 2018, share capital is equal to €7,291,809.72, represented by 380,036,892 ordinary shares with no par value. The shares of the Parent Company have been listed since 16 April 2014 on the electronic stock exchange (Mercato Telematico Azionario) organized and operated by Borsa Italiana SpA.

On 20 April 2018, the increase in the share capital of Anima Holding was carried out, as decided by the Board of Directors of Anima Holding on 21 March 2018, in execution of the authorization of the Extraordinary Shareholders' Meeting of 15 December 2017, pursuant to Art. 2443, of the Civil Code, was carried out with the subscription and payment of a total of 71,898,869 new ordinary shares for a total of €299,818,284, at an issue price per share of €4.170, of which €0.019 to be attributed to capital (for a total of €1,366,079) and €4.151 to be attributed to the share premium (for a total of €298,452,205). Please see the section "Significant events for Anima Group" in the report on operations for more details.

11.4 Composition of "Share premium reserve"

	31.12.2018	31.12.2017
Share premium reserve	**787,652**	**489,200**

The increase in the item is due to the increase in share capital referred to above, carried out in April 2018.

PART C - INFORMATION ON THE CONSOLIDATED INCOME STATEMENT

Note that the consolidation of the net assets of Gestielle SGR was carried out using the values at 31 December 2017, which were virtually equal to those at the acquisition date (28 December 2017). Therefore, the consolidated income statement and the statement of consolidated comprehensive income for this period represent the first period of consolidation of the income statement figures of Gestielle (the comparative figures at 31 December 2017 do not include the contribution of Gestielle).

Section 1 – Fees and commissions – items 10 and 20

1.1 "Fees and commissions"

SERVICES	31.12.2018 Commission and fee income	31.12.2018 Commission and fee expense	31.12.2018 Net commissions and fees	31.12.2017 Commission and fee income	31.12.2017 Commission and fee expense	31.12.2017 Net commissions and fees
A. ASSET MANAGEMENT						
1. Management of own portfolios						
1.1 Investment funds						
- Management fees	640,711	(417,819)	222,892	458,694	(284,505)	174,189
- Performance fees	20,921	(752)	20,169	23,639	(213)	23,426
- Front-end load/back-end load	138,761	(138,198)	563	134,445	(133,423)	1,022
- Switching fees	-					
- Other fees and commissions	195,722	(161,008)	34,714	126,181	(98,048)	28,133
Total fees and commissions from investment funds	**996,115**	**(717,777)**	**278,338**	**742,959**	**(516,189)**	**226,770**
1.2 Individual portfolio management						
- Management fees	30,743	(14,703)	16,040	31,832	(19,853)	11,979
- Performance fees	1		1	49		49
- Front-end load/back-end load	10	(10)		38	(38)	
- Other fees and commissions	100		100	123		123
Total fees and commissions from individual portfolio management	**30,854**	**(14,713)**	**16,141**	**32,042**	**(19,891)**	**12,151**
1.3 Open-end pension funds						
- Management fees	9,278	(4,825)	4,453	8,147	(4,196)	3,951
- Performance fees						
- Front-end load/back-end load						
- Other fees and commissions	631	(309)	322	635	(510)	125
Total fees and commissions from open-end pension funds	**9,909**	**(5,134)**	**4,775**	**8,782**	**(4,706)**	**4,076**
2. Management of third-party portfolios						
- Management fees	23,682	(389)	23,293	12,909	(159)	12,750
- Performance fees	147		147	416		416
- Other fees and commissions	-					
Total fees and commissions from management of third-party portfolios	**23,829**	**(389)**	**23,440**	**13,325**	**(159)**	**13,166**
TOTAL FEES AND COMMISSIONS FROM ASSET MANAGEMENT (A)	**1,060,707**	**(738,013)**	**322,694**	**797,108**	**(540,945)**	**256,163**
B. OTHER SERVICES						
- Advisory services	486	(260)	226	451	(314)	137
- Other services	475	(474)	1	819	(816)	3
TOTAL FEES AND COMMISSIONS FOR OTHER SERVICES (B)	**961**	**(734)**	**227**	**1,270**	**(1,130)**	**140**
TOTAL FEES AND COMMISSIONS (A+B)	**1,061,668**	**(738,747)**	**322,921**	**798,378**	**(542,075)**	**256,303**

The income generated by fund management operations is primarily represented by management and performance fees (where provided for contractually), which account for the majority of the Group's revenue.

Management and performance fees are connected with the market value of assets under management and the results of product management.

More specifically, management fees are calculated periodically as a percentage of the average assets of an individual product. Performance fees, on the other hand, are charged to the fund and paid to the management company when the return of the fund in a given period exceeds the performance of a benchmark index, a predetermined value or a target return. For some funds, performance fees are due to the management company if the value of fund units increases above its highest previous level.

Accordingly, performance fees, and the amount of those fees, are highly affected by the returns earned by funds and other managed products, which are in turn impacted not only by the quality of the funds' managers but also by developments in markets and, more generally, the national and international economy.
Fee and commission income on investment funds is collected on a monthly basis, that on individual portfolio management products and on products managed on a delegated basis is collected on a monthly or quarterly basis.

1.2 "Fee and commission expense": break down by type and counterparty

	Banks		Financial institutions		Other		Total 31.12.2018	
		of which belonging to Group		of which belonging to Group		of which belonging to Group		of which belonging to Group
A. ASSET MANAGEMENT								
1. Management of own portfolios	**(703,665)**	-	**(2,252)**	-	**(31,692)**	-	**(737,609)**	**0**
1.1 Placement fees	**(138,171)**	-	**(38)**	-	-	-	**(138,208)**	0
- Collective investment undertakings	(138,160)		(38)				(138,198)	
- Individual portfolio management	(10)						(10)	
- Pension funds								
1.2 Account maintenance fees	**(404,427)**	-	**(2,031)**	-	**(30,874)**	-	**(437,333)**	0
- Collective investment undertakings	(385,274)		(1,656)		(30,874)		(417,804)	
- Individual portfolio management	(14,703)						(14,703)	
- Pension funds	(4,450)		(375)				(4,825)	
1.3 Performance fees	-	-	-	-	**(752)**	-	**(752)**	0
- Collective investment undertakings					(752)		(752)	
- Individual portfolio management								
- Pension funds								
1.4 Other fees and commissions	**(161,068)**	-	**(184)**	-	**(65)**	-	**(161,317)**	0
- Collective investment undertakings	(160,825)		(184)				(161,008)	
- Individual portfolio management								
- Pension funds	(243)				(65)		(309)	
2. Management of third-party portfolios	-	-	-	-	**(404)**	-	**(404)**	0
- Collective investment undertakings					(404)		(404)	
- Individual portfolio management								
- Pension funds								
TOTAL FEES AND COMMISSIONS FROM ASSET MANAGEMENT (A)	**(703,665)**	-	**(2,252)**	-	**(32,096)**	-	**(738,013)**	0
B. OTHER SERVICES								
Advisory services					(260)		(260)	
Other services	(474)						(474)	
TOTAL FEES AND COMMISSIONS FOR OTHER S	**(474)**	-	-	-	**(260)**	-	**(734)**	0
TOTAL FEES AND COMMISSIONS (A+B)	**(704,139)**	-	**(2,252)**	-	**(32,355)**	-	**(738,747)**	0

Section 3 – Interest – items 40 and 50

3.1 Composition of "Interest and similar income"

		Debt securities	Repurchase agreements	Deposit and current account	Other	Total 31.12.2018	Total 31.12.2017
1.	Financial assets at fair value through profit or loss:	104				104	
	1.1 Assets held for trading						
	1.2 Financial assets designated at fair value						
	1.3 Other financial assets mandatorily measured at fair value	104				104	
2.	Financial assets measured at fair value through other comprehensive income						
3.	Financial assets measured at amortized cost:			183		183	
	3.1 Loans and receivables with banks			183		183	234
	3.2 Loans and receivables with financial institutions						
	3.3 Loans and receivables with customers						
4.	Hedging derivatives						
5.	Other assets				50	50	
6.	Financial liabilities						
	Total	104	-	183	50	337	234
	of which: interest income on impaired financial assets						

Interest income for the year mainly regards interest on (i) cash balances of the Group deposited on current accounts with leading banks and (ii) Italian government securities held by Gestielle SGR, which were sold in December 2018.

3.2 Composition of "Interest and similar expense"

		Loans	Repurchase agreements	Securities	Other	Total 31.12.2018	Total 31.12.2017
1.	Financial liabilities measured at amortized cost	(8,453)				(8,453)	(5,254)
	1.1 Debt						
	1.2 Securities issued						
2.	Financial liabilities held for trading						
3.	Financial liabilities measured at fair value						
4.	Other liabilities						
5.	Hedging derivatives	(529)				(529)	(734)
6.	Financial assets						
	Total	**(8,982)**	**-**	**-**	**-**	**(8,982)**	**(5,988)**

"Debt - Loans" reports interest expense on the outstanding loan, determined using the amortized cost method (on the basis of the effective interest rate).
"Hedging derivatives" reports the interest component of the IRS accruing for the year in respect of the IRS hedging derivatives obtained on 27 June 2018.
Interest expense is entirely accounted for by the Parent Company.

Section 4 – Net gain (loss) on trading activities – item 70

4.1 Net gain (loss) on trading activities: composition

The balance of the item is nil. At 31 December 2017, the item mainly included the effects of the closure of the IRS contract hedging the variable cash flows associated with the loan extinguished by the Parent Company on 28 December 2017.

Section 5 – Net gain (loss) from hedging activities – item 80

5.1 Net gain (loss) from hedging activities: composition

		Total 31.12.2018	Total 31.12.2017
1.	**Gains from:**		
	1.1 Fair value hedge derivatives		
	1.2 Hedged assets (fair value hedge)		
	1.3 Hedged liabilities (fair value hedge)		
	1.4 Cash flow hedge derivatives	-	2
	1.5 Other		
	Total gains from hedging activities (A)	**-**	**2**
2.	**Losses from:**		
	2.1 Fair value hedge derivatives		
	2.2 Hedged assets (fair value hedge)		
	2.3 Hedged liabilities (fair value hedge)		
	2.4 Cash flow hedge derivatives		
	2.5 Foreign current assets and liabilities		
	Total losses from hedging activities (B)	**0**	**0**
	Net gain (loss) from hedging activities (A-B)	**0**	**2**
	of which: result of net hedges		

Section 7 – Net gain (loss) on other financial assets and liabilities measured at fair value through profit or loss – item 100

7.2 Composition of "Net gain (loss) on other financial assets and liabilities measured at fair value through profit or loss: other financial assets mandatorily measured at fair value

		Unrealized profit	Realized profit	Unrealized loss	Realized loss	Net result
1.	**Financial assets**	**11**	**308**	**(2,315)**	**(263)**	**(2,259)**
	1.1 Debt securities				(250)	(250)
	of which: Government securities				(250)	(250)
	1.2 Equity instruments				(3)	- 3
	1.3 Units in collective investment undertakings	11	308	(2,315)	(10)	(2,006)
	of which own CIUs	*11*	*308*	*(2,315)*	*(10)*	*(2,006)*
	1.4 Loans					
2.	**Financial assets in foreign currency: exchange differences**					
	Total	**11**	**308**	**(2,315)**	**(263)**	**(2,259)**

The table reports the increase/decreases (gain/loss) from the fair value measurement of financial assets mandatorily measured at fair value, as well as gains and losses realized on the sale of financial instruments.

Section 9 – Administrative expenses – item 140

9.1 Personnel expenses: composition

		Total 31.12.2018	Total 31.12.2017
1.	**Employees**	**(45,514)**	**(37,990)**
	a) wages and salaries	(26,864)	(24,224)
	b) social security contributions	(6,848)	(5,748)
	c) termination benefits		
	d) pensions	(594)	(553)
	e) allocation to employee termination benefit provision	(54)	(60)
	f) allocation to provision for retirement and similar liabilities:		
	- defined contribution		
	- defined benefit		
	g) payments to supplementary pension funds:	(1,615)	(1,487)
	- defined contribution	(1,615)	(1,487)
	- defined benefit		
	h) other	(9,539)	(5,918)
2.	**Other personnel**	**(99)**	**(114)**
3.	**Board of Directors and members of Board of Auditors**	**(2,092)**	**(2,084)**
4.	**Personnel in retirement**	-	-
5.	**Recovery of expenses for employees seconded to other companies**		
6.	**Reimbursement of expenses for third-party employees seconded to the Company**	**(244)**	
	Total	**(47,949)**	**(40,188)**

Item "h) other" includes the costs of the previous Long-Term Incentive Plan in the amount of about €3.3 million (about €3.8 million in 2017 in respect of the previous Long-Term Incentive Plan) and extraordinary costs connected with agreements reached or being finalized with personnel in the amount of about €3.7 million.
See "Part A – Accounting policies – A.1 General information – Section 4 Other information - Long Term Incentive Plan" for details on the Plan and "Part A – Accounting policies – A.2 The main items of the consolidated financial statements – Long-Term Incentive Plan – Share-based payments" for the accounting policies adopted in presenting the Plan in the financial statements.
Compared with the previous year, the figures at 31 December 2018 also report personnel costs deriving from the consolidation of Gestielle SGR (for the entire year – contribution of about 60 employees) and the Demerged Business (as from 1 November 2018 – contribution of about 10 employees).

9.2 Average number of employees by category

	average no. 31.12.2018	average no. 31.12.2017
Employees		
a) management	39	33
b) other employees	280	216
Total	**319**	**249**

9.3 "Other administrative expenses": composition

	Total 31.12.2018	Total 31.12.2017
advisory services	(6,403)	(8,431)
facility leasing and property management expenses	(4,982)	(3,584)
outsourcing	(13,203)	(7,949)
marketing and communication expenses	(6,092)	(5,402)
infoproviders	(6,868)	(4,885)
telephone and information systems	(4,836)	(3,380)
other operating expenses	(4,265)	(5,064)
Total	**(46,649)**	**(38,695)**

The increase in "Other administrative expenses" mainly reflects costs of Gestielle SGR, and an increase in costs for administrative outsourcing) increased as a result of the expansion of average AUM, on which the associated fees are calculated.

Section 10 – Net provisions for risks and charges – item 150

10.1 Composition of item 150 "Net provisions for risks and charges"

	Total 31.12.2018	Total 31.12.2017
Increases due to allocations		(477)
Other changes (actuarial effect)	(1)	1
Reversals for eliminations or reductions	17	140
Total	**16**	**(337)**

"Reversals for eliminations or reductions" regards amount provisioned in previous years in excess of the liability when actually incurred.

Section 11 – Net adjustments of property, plant and equipment – item 160

11.1 Composition of "Net adjustments of property, plant and equipment"

		Depreciation (a)	Impairment (b)	Writebacks (c)	Net adjustments 31.12.2018 (a+b-c)
1.	owned	(714)			(714)
	- operating assets	(714)			(714)
	- investment property				
2.	acquired under finance leases				
	- operating assets				
	- investment property				
	Total	**(714)**	-	-	**(714)**

Section 12 – Net adjustments of intangible assets – item 170

12.1 Composition of "Net adjustments of intangible assets"

		Amortization (a)	Impairment (b)	Writeback (c)	Net adjustments 31.12.2018 (a+b-c)
1.	**Intangible assets other than goodwill**	**(46,618)**	-	-	**(46,618)**
	1.1 owned	(46,618)			**(46,618)**
	- generated internally				-
	- other	(46,618)			**(46,618)**
	1.2 acquired under finance leases				-
	Total	**(46,618)**	-	-	**(46,618)**

The table above reports amortization for the period, of which about €44.8 million in respect of amortization for the year, mainly on the intangibles identified in the PPA process. The remainder, equal to about €1.8 million, regards the amortization charges for the year for the other intangible assets (software).

Section 13 – Other operating income/expenses - item 180

13.1 Composition of "Other operating income/expenses"

Income	**Total 31.12.2018**	**Total 31.12.2017**
Sundry income related to products managed	19	24
Rentals	38	125
Price adjustments	1,737	1,590
Tax credits for research and development	443	841
Other	1,639	925
Total	**3,876**	**3,505**

Expense	**Total 31.12.2018**	**Total 31.12.2017**
Expenses related to products managed	(36)	(29)
Losses on disposal	(1)	(4)
Other	(221)	(153)
Charges for leasehold improvements	(134)	(130)
Total	**(392)**	**(316)**

Total other operating income/expenses	3,484	3,189

Item "Price adjustment" includes income of about €1.7 million associated with the price adjustments on the sale by Anima SGR to BNP Paribas of the "back office collective securities investment products and NAV calculation" business area in May 2012. The item "Other" mainly includes the income for training activities performed by Anima SGR for a number of sales networks in the amount of about €0.8 million. Finally, the item "Tax credits for research and development" includes income of about €0.4 million in respect of the definitive quantification of the tax credit arising in 2017 provided for under Article 1, paragraph 35, of Law 190 of 23 December 2014 concerning research and development activity performed by the subsidiary Anima SGR.

Section 14 – Profit (loss) from equity investments - item 200

14.1 Composition of "Profit (loss) from equity investments"

		Total 2018	Total 2017
1	**Income**		**182**
	1.1 Revaluations		
	1.2 Gains on disposal		
	1.3 Writebacks		
	1.4 Other income		182
2	**Expense**		
	2.1 Writedowns		
	2.2 Losses on disposal		
	2.3 Impairment losses		
	2.4 Other charges		
	Total	-	**182**

The balance of the item was nil 31 December 2018. The amounts presented at 31 December 2017 referred to income from Equam S.p.A.: refer to Section "9.1 Equity investments: information on investments" under assets in these notes to the consolidated financial statements for more information as at 31 December 2017.

Section 18 – Income tax expense from continuing operations - item 250

18.1 Composition of "Income tax expense from continuing operations"

	Total 31.12.2018	Total 31.12.2017
1. Current taxes	(63,556)	(51,272)
2. Changes in current taxes from previous periods	826	(784)
3. Reduction of current taxes for the period		
3.bis Reduction of current taxes for the period for tax credits under Law 214/2011		
4. Change in deferred tax assets	(532)	(124)
5. Change in deferred tax liabilities	11,732	3,584
Income taxes for the period	**(51,530)**	**(48,596)**

"Current taxes", equal to about €63.6 million, include the Group corporate income tax (IRES) liability in the amount of €45.4 million, the regional business tax (IRAP) in the amount of €14.8 million and the taxes of the Irish subsidiary totaling €3.4 million. Current taxes of the Group amounted to 36.61% of operating income.

For 2018, the amount reported under "changes in current taxes from previous periods" reflects the successful outcome of the request for a tax ruling submitted in 2017 concerning the application of the rules introduced with Article 1, paragraphs 550 d) and 551, of Law 232 of 11 December 2016 (the "2017 Budget Act") on the procedures for calculating benefits in respect of the allowance for

corporate equity (ACE) referred to in Decree Law 201/2011. The positive reply enable the Parent Company to recover the additional taxes recognized in the previous period.
Note that following the completion of the PPA of the price (i) for the acquisition of Gestielle SGR from Banco BPM and (ii) the acquisition of the Demerged Business from BPF, deferred tax liabilities on the respective intangible assets with a finite life were quantified in the amount of about €144.1 million, with the recognition of about €7.8 million in profit or loss for the period.

18.2 Reconciliation of theoretical tax liability and actual tax liability recognized in consolidated financial statements

Figures at 31 December 2018

	IRES		IRAP	
	Taxable income	Tax	Taxable income	Tax
Income before tax	173,587			
Income before tax relevant for IRES purposes	152,613			
Theoretical IRES liability		36,627		
Theoretical IRES rate		24.00%		
Difference between value and cost of production			364,278	
Theoretical IRAP liability				20,290
Theoretical IRAP rate				5.57%
Taxable differences - separate financial statements	117,667	28,240	6,307	351
Deductible differences - separate financial statements	(285,949)	(68,628)	(46,042)	(2,565)
Deductible/taxable differences - consolidated financial statements	210,270	50,465	0	
IRES taxable income	194,600			
Current IRES on income for the year		46,704		
Current IRES on income for the year not pertaining to the Group		-4,576		
IRAP taxable income			324,543	
Current IRAP on income for the year				18,076
Taxes of foreign companies		3,354		0
Tax liability recognized		**45,482**		**18,075**

Figures at 31 December 2017

	IRES		IRAP	
	Taxable income	Tax	Taxable income	Tax
Income before tax	136,381			
Theoretical IRES liability		32,731		
Theoretical IRES rate		24.00%		
Difference between value and cost of production			239,708	
Theoretical IRAP liability				13,352
Theoretical IRAP rate				5.57%
Taxable differences - separate financial statements	2,541	610	4,886	272
Deductible differences - separate financial statements	(149,804)	(35,953)	(37,346)	(2,080)
Deductible/taxable differences - consolidated financial statements	160,290	38,471	0	
IRES taxable income	149,408			
Current IRES on income for the year		35,858		
IRAP taxable income			207,247	
Current IRAP for the year				11,544
Taxes of foreign companies		3,871		0
Tax liability recognized		**39,729**		**11,543**

PART D- OTHER INFORMATION ON THE CONSOLIDATED FINANCIAL STATEMENTS

Section 1 – Specific comments on activities performed

The Parent Company is primarily engaged in the coordination and operational management of its equity investments, while the other Group companies engage in the normal business of asset management companies. In addition, the Group uses a number of custodian banks for the various categories of funds it offers, including BNP Paribas for Italian investment funds (until 30 September, the custodian bank for the funds associated with Gestielle SGR was Banco BPM), DepoBank for the Arti & Mestieri pension fund, Banque Havilland for Gestielle Investment SICAV ("GIS"), a Luxembourg registered SICAV, BNP Paribas for Monte SICAV, also a Luxembourg registered SICAV, and State Street Bank for Irish funds and SICAVs.

1.1 Information on commitments, guarantees and leasehold interests

The definitive agreements for the acquisitions involving Gestielle SGR, the management contracts and the Demerged Business, consistent with practice in similar transactions, provided for specific protection and guarantee mechanisms (for example, price adjustment mechanisms, earn-in/earn-out clauses, requirements to maintain certain market shares for the products managed by the Group, mechanisms to verify the performance of Group products and remedies in the event of their under-performance). For more details, see Chapter XXII of the Prospectus.

1.1.2 Commitments in respect of pension funds with capital repayment guarantees

For the "Garanzia 1+" and "Incremento e Garanzia 5+ sub-funds of the open-end Arti & Mestieri pension fund and the "Linea Garantita" sub-fund of the ICBPI Group closed pension fund, Anima SGR guarantees subscribers a minimum amount, equal to the amount paid by the subscriber regardless of the performance of the segments.

For more details, please see "Part B – Information on the Balance sheet – Liabilities – Section 10 – Provision for risks and charges – item 100" of the note to these financial statements.

1.1.4 Own securities deposited with third parties

	31.12.2018	**31.12.2017**
Number of units of own CIUs (investment funds)	13,821,267.850	17,707,684.638
Number of units of third-party CIUs (investment funds and SICAVs)	4,000.000	

1.2 Disclosures on assets under management

1.2.1 Net asset value of collective investment undertakings (breakdown by individual CIU)

Collective investment undertakings	31/12/18	31/12/17
1. Own portfolios		
Investment funds:		
Anima America	248,946	443,487
Anima Valore Globale	609,377	511,022
Anima Salvadanaio	188,419	249,735
Anima Risparmio	1,195,627	1,132,472
Anima Sforzesco	5,093,001	5,625,920
Anima Pianeta	242,590	301,801
Anima Visconteo	3,398,300	3,346,424
Anima Obbligazionario corporate	520,611	577,635
Anima Italia	157,876	211,081
Anima Pacifico	187,884	202,068
Anima Iniziativa Europa	154,492	178,137
Anima Obbligazionario Emergente	214,116	149,777
Anima Capitale Piu' Obbligazionario	50,169	64,134
Anima Capitale Piu' 15	96,499	116,421
Anima Capitale Piu' 30	115,503	135,307
Anima Capitale Piu' 70	79,990	85,946
Anima Alto Potenziale Globale	828,420	815,578
Anima Obbligazionario High Yield	577,793	630,769
Anima Fondo Trading	525,761	437,682
Anima Obbligazionario Euro	331,418	224,216
Anima Liquidita' Euro	1,344,942	1,366,710
Anima Emergenti	258,508	313,565
Anima Europa	430,897	621,589
Anima Riserva Globale	35,419	43,659
Anima Riserva Emergente	149,142	152,829
Anima Tricolore	444,824	332,930
Anima Traguardo 2018 (*)	-	3,739
Anima Traguardo 2018 Target Cedola (*)	-	29,301
Anima Traguardo 2018 Multi Cedola II (*)	-	42,900
Anima Traguardo 2018 Cedola Semestrale (*)	-	82,590
Anima Traguardo 2018 Italia Alto Potenziale (*)	-	49,105
Anima Traguardo 2018 Italia Alto Potenziale II (*)	-	20,337
Anima Traguardo 2018 Italia Alto Potenziale III (*)	-	22,269
Anima Traguardo 2018 Alto Potenziale (*)	-	60,111
Anima Traguardo 2018 Europa Alto Potenziale (*)	-	126,150
Anima Traguardo 2018 Europa Alto Potenziale II (*)	-	53,520
Anima Traguardo 2019 Crescita Sostenibile (*)	-	22,919
Anima Traguardo 2018 Europa Alto Potenziale III (*)	-	46,599
Anima Traguardo 2019 Plus (*)	-	37,387
Anima Traguardo 2019 Plus II (*)	-	30,421
Anima Traguardo 2019 Crescita Sostenibile II (*)	-	39,604
Anima Traguardo 2019 Flex	21,682	48,438
Anima Traguardo 2019 Flex II	34,037	64,372
Anima Riserva Dollaro	104,859	106,987
Anima Traguardo Dinamico	51,216	111,410
Anima Traguardo 2019 Globale	68,592	145,979
Anima Traguardo 2019 Multi-Asset	83,126	160,189
Anima Traguardo Cedola Europa	74,489	165,952
Anima Evoluzione 2019 I	45,538	92,293
Anima Traguardo 2019 Globale II	213,270	381,410
Anima Traguardo Cedola America	87,455	179,588
Anima Evoluzione 2019 II	42,248	76,702
Anima Selection	95,821	149,083
Anima Russell Multi-Asset	281,245	474,321
Anima Traguardo 2021 Globale	151,983	235,948
Anima Cedola Alto Potenziale 2021	39,082	62,418
Anima Traguardo Crescita Italia	87,630	213,259
Anima Evoluzione 2019 III	75,233	129,628
Anima Cedola Alto Potenziale 2021 II	54,040	92,829
Anima Cedola Alto Potenziale 2021 III	69,030	86,409

	31/12/18	31/12/17
Anima Evoluzione 2019 IV	88,720	128,972
Anima Progetto Europa 2021 Cedola	92,532	248,096
Anima Cedola Alto Potenziale 2022 I	80,704	132,045
Anima Geo Italia	203,275	352,186
Anima Selezione Globale (Ex Anima Geo Globale)	784,230	965,949
Anima Fix Euro Conservativo (Ex Anima Fix Euro)	336,752	417,041
Anima Geo America	692,168	460,106
Anima Geo Asia	397,265	419,370
Anima Selezione Europa (Ex Anima Geo Europa)	915,962	1,102,618
Anima Geo Paesi Emergenti	265,779	309,357
Anima Fix Emergenti	212,650	90,530
Anima Forza Moderato (Ex Anima Forza 3)	180,254	191,788
Anima Forza Equilibrato (Ex Anima Forza 4)	147,557	147,806
Anima Forza Dinamico (Ex Anima Forza 5)	59,028	61,988
Anima Fix High Yield	368,858	540,507
Anima Alto Potenziale Italia (Ex Anima Star Italia Alto Potenziale)	270,885	351,469
Anima Forza 1 (*)	-	88,590
Anima Forza Prudente (Ex Anima Forza 2)	222,889	186,982
Anima Geo Europa PMI	214,744	233,196
Anima Alto Potenziale Europa (Ex Anima Star Europa Alto Potenziale)	659,626	714,790
Anima Fix Imprese	527,499	412,598
Anima Fix Euro BT (Ex Anima Fix Obbligazionario BT)	349,377	474,873
Anima Fix Euro MLT (Ex Anima Fix Obbligazionario MLT)	374,817	327,918
Anima Fix Obbligazionario Globale	960,016	555,715
Anima Rendimento Assoluto Obbligazionario	589,037	650,085
Active Discovery Flex (**)	-	92,681
Active Global Flex (**)	-	92,672
Active Income Flex (**)	-	93,368
Active Opportunities Flex (**)	-	92,681
Active Currency Flex (**)	-	93,134
Anima Global Macro Diversified	246,773	374,816
Anima Progetto Dinamico 2022	342,664	421,126
Anima Obiettivo Cedola 2022	207,523	280,368
Anima Progetto Globale 2022 Cedola	200,767	362,873
Anima Selezione Dinamica 2020	301,555	434,137
Anima Progetto Dinamico 2022 II	200,956	249,023
Anima Evoluzione 2020 III	137,599	204,761
Anima Progetto Dinamico 2022 III	86,179	208,236
Anima Selezione Dinamica 2020 III	167,479	241,762
Anima Evoluzione 2020 IV	112,129	139,651
Anima Selezione Dinamica 2020 II	231,305	319,650
Anima Target Cedola 2022	34,631	53,864
Anima Evoluzione 2020 II	172,947	254,896
Anima Evoluzione 2020 I	234,791	348,412
Anima Progetto Dinamico 2022 Multi-Asset	155,150	191,945
Anima Selezione Dinamica 2021	61,203	88,634
Anima Selezione Dinamica 2020 IV	131,982	170,117
Anima Prontodeposito	24,885	22,665
Anima Reddito Flessibile	29,829	35,799
Anima BlueBay Reddito Emergenti	177,957	138,235
Anima Progetto Flessibile 2020	183,576	220,583
Anima Progetto Flessibile 2021	51,871	89,557
Anima Sviluppo Globale 2022	33,250	42,231
Anima Sviluppo Europa 2022	40,231	49,130
Anima Reddito 2022	255,738	287,319
Anima Reddito 2021	326,635	374,704
Anima Reddito 2021 II	349,002	397,547
Anima Reddito 2021 S	402,095	456,451
Anima Reddito 2021 III	297,028	341,977
Anima Reddito 2021 IV S	121,418	140,994

	31/12/18	31/12/17
Anima Evoluzione 2021	96,223	119,854
Anima Evoluzione 2021 III	53,465	64,250
Anima Portfolio America	88,561	107,084
Anima Evoluzione 2021 II	90,317	108,842
Anima Sforzesco Plus	935,434	849,207
Anima Visconteo Plus	635,646	575,945
Anima High Yield Breve Termine	120,334	54,892
Anima Inflazione	23,886	21,409
Anima Global Macro Inflation (**)	-	99,441
Anima Global Macro Strategy (**)	-	136,488
Anima Infrastrutture	102,563	36,238
Anima Selection Macro	3,180	4,067
Anima Iniziativa Italia	303,971	215,771
Anima Step Europa	9,273	10,405
Anima Portfolio Globale	124,776	147,265
Anima Sviluppo Globale 2023	60,739	70,306
Anima Sviluppo Multi-Asset 2023	34,442	40,268
Anima Sviluppo Multi-Asset 2023 II	19,585	22,363
Anima Reddito Bilanciato 2023	55,145	60,563
Anima Reddito Più 2022	572,481	641,881
Anima Reddito Più 2022 III	497,306	554,153
Anima Reddito Più 2022 II	477,693	534,086
Anima Reddito Più 2022 IV	190,687	207,685
Anima Soluzione Cedola 2023	185,171	206,333
Anima Reddito Più 2023	469,177	23,639
Anima Evoluzione Bilanciato 2022	82,494	94,599
Anima Vespucci	616,832	20,273
Anima Crescita Italia	960,976	645,036
Anima Magellano	631,741	20,591
Anima Global Macro Neutral	202,872	-
Anima Obbligazionario Euro Core	11,955	-
Anima Obbligazionario Flessibile	14,008	-
Anima Monetario	8,978	-
Anima Smart Beta Europa	8,984	-
Anima Metodo&Selezione 2024	26,357	-
Anima Reddito Consumer 2023	55,415	-
Anima Reddito Health Care 2023	71,727	-
Anima Reddito Energy 2023	50,168	-
Anima Traguardo 2023	422,260	-
Anima Traguardo 2023 Flex	790,092	-
Anima Patrimonio Globale 2024	8,051	-
Anima Programma Cedola 2023	632,921	-
Anima Programma Cedola 2023 II	849,430	-
Gestielle Best Selection Cedola AR	57,218	92,202
Gestielle Best Selection Equity 20	141,908	196,855
Gestielle Best Selection Equity 50	32,469	43,782
Gestielle Obiettivo Emerging Markets	103,985	132,132
Gestielle Obiettivo India	43,927	80,485
Gestielle Obiettivo Italia	102,354	157,582
Gestielle Obiettivo Europa	289,584	375,227
Gestielle Obiettivo Risparmio	607,754	673,285
Gestielle Obiettivo Stabilità	206,343	45,857
Gestielle Obiettivo America	98,618	137,185
Gestielle Obiettivo Cina	42,926	70,099
Gestielle Obiettivo Internazionale	297,339	427,645
Gestielle Obbligazionario Corporate	378,410	417,905
Gestielle Obbligazionario Internazionale	49,114	51,615
Volterra Absolute Return	17,247	18,142
Volterra Dinamico	8,533	10,534
Gestielle Profilo Cedola	110,038	230,736

	31/12/18	31/12/17
Gestielle Profilo Cedola II	1,116,840	638,247
Gestielle Profilo Cedola III	574,598	1,286,760
Gestielle Emerging Markets Bond	127,491	112,705
Gestielle Pro Italia	110,617	62,378
Gestielle Mt Euro	78,741	99,482
Gestielle BT Cedola	106,743	143,357
Gestielle Dual Brand Equity 30	46,493	85,009
Gestielle Cedola Multi Target II	109,209	227,581
Gestielle Cedola Multi Target III	249,560	634,291
Gestielle Cedola Multi Target IV	85,556	119,607
Gestielle Cedola Multi Target V	1,494,265	-
Gestielle Cedola Multiasset	250,999	489,217
Gestielle Cedola Multiasset II	214,658	364,480
Gestielle Cedola Multiasset III	1,422,002	1,572,141
Gestielle Cedola Multifactor	319,305	364,060
Gestielle Cedola Multimanager Quality	58,884	89,644
Gestielle Cedola Multimanager Smart Beta	244,011	270,020
Gestielle Cedola Fissa III	511,660	904,969
Gestielle Absolute Return	608,035	805,868
Gestielle Absolute Return Defensive	135,048	105,215
Gestielle Cedola EM Bond Opportunity	901,375	982,200
Gestielle Cedola Corporate	1,065,042	2,045,644
Gestielle Cedola Corporate Plus	199,885	344,738
Gestielle Cedola Corporate Professionale	40,109	46,221
Gestielle Cedola Dual Brand	153,114	307,692
Gestielle Cedola Best Selection	570,131	677,198
Gestielle Cedola Emerging Markets Opportunity	80,988	140,958
Gestielle Cedola Target High Dividend	214,929	292,166
Gestielle Cedola Forex Opportunity U$D	222,863	422,972
Gestielle Cedola Italy Opportunity	136,923	329,537
Gestielle Hedge Low Volatility	13,927	18,810
Gestielle Cedola Fissa II	-	121,338
Gestielle Cedola Obbligazioni Bancarie Professionale	-	21,311
Gestielle Cedola Fissa Professionale	-	21,327
Gestielle Cedola Piu'	-	90,918
Gestielle Cedola Piu' Italia	-	60,776
Gestielle Cedola Euroitalia	-	33,134
Gestielle Cedola Multi Target	-	41,486
Gestielle Investment Sicav	-	1,513,405
Phedge Low Volatility Side Pocket	1,060	1,081
Anima Star Bond (ex Star Prudente)	358,975	476,722
Anima Star High Potential Europe	632,877	964,129
Anima Life Bond	241,452	246,398
Anima Emerging Markets Equity	45,891	50,504
Anima Global Equity	38,844	60,975
Anima Europe Equity	480,065	569,695
Anima Asia Pacific Equity	51,118	65,423
Anima U.S. Equity	199,500	174,148
Anima Global Currencies	7,875	7,205
Anima Short Term Corporate Bond	322,316	308,215
Anima Euro Equity	114,632	95,769
Anima Star High Potential Global	74,353	82,962
Anima Star High Potential Italy	48,204	87,993
Anima Hybrid Bond	32,285	40,398
Anima Credit Opportunities	153,036	120,297
Anima Euro Government Bond	275,996	158,768
Anima Flexible Income	44,863	44,368
Anima Italian Equity	18,961	12,314
Anima Bond 2022 Opportunities	45,961	47,312
Anima Global Macro	83,751	146,076
Anima Variable Rate Bond	36,134	41,201
Anima Brightview 2023-I	31,787	33,942
Anima Brightview 2023-II	155,642	177,244
Anima Brightview 2023-III	54,253	60,802
Anima Brightview 2023-IV	59,683	69,615
Anima Brightview 2024-I	70,567	246
Anima Brightview 2024-II	89,929	-
Anima Brightview 2024-III	111,464	-
Anima Brightview 2024-IV	129,746	-
Anima Brightview 2024-V	261	-
Anima Italian Bond	39,749	62,540

	31/12/18	31/12/17
Anima Liquidity	476,686	483,215
Anima Medium Term Bond	486,089	581,361
Anima Short Term Bond	166,066	204,321
Anima Bond Dollar	126,808	72,108
Anima Defensive	46,106	-
MPS Private Solution Absolute	63,470	67,773
MPS Private Solution Flexible Bond	3,113	250
MPS Private Solution Flexible	113,663	114,921
MPS Private Solution Global	33,869	18,015
MPS Private Solution Multi Asset	42,689	29,752
Anima Orizzonte Europa 2022	35,437	43,158
Anima Orizzonte Europa 2023	37,511	42,805
Anima Orizzonte Sostenibile 2023	219,262	-
Anima Orizzonte Benessere 2023	289,759	-
Anima Orizzonte Energia 2023	140,917	-
Anima Orizzonte Consumi 2023	30,434	-
Creval Private Selection Fund Conservative	5,182	-
Creval Private Selection Fund Equity	82	-
Creval Private Selection Fund Income	370	-
Anima Smart Dividends Europe	14,503	15,556
Anima Smart Volatility Europe	20,322	68,286
Anima Smart Volatility Global	47,978	120,659
Anima Smart Volatility Italy	26,413	72,280
Anima Smart Volatility USA	10,162	10,247
Anima Tesoreria Imprese	29,709	41,239
Anima Global Bond	76,299	83,715
Anima International Bond	20,494	-
Anima High Yield Bond	10,850	-
Anima Infrastructure	84,442	-
Anima Flexible Bond	10,057	-
Anima Solution 2022 I	45,391	74,532
Anima Solution 2022 II	40,819	86,334
Anima Solution 2022 III	30,112	34,387
Anima Solution 2023 I	43,585	51,667
Anima Solution EM	34,184	-
Anima Zephyr Global	45,522	-
Anima Zephyr Real Assets	27,963	-
Anima Active Selection	23,726	24,493
Rainbow Active Fund	96,983	132,310
Rainbow Fund I	-	19,903
Rainbow Fund II	-	13,693
Rainbow Fund III	-	16,869
Rainbow Fund IV	-	16,764
Rainbow Fund V	-	16,881
Rainbow Fund VI	-	13,095
Rainbow Fund VII	-	8,450
Rainbow Fund X	10,661	16,456
Rainbow Fund XI	7,643	11,925
Rainbow Fund XII	16,454	26,412
Rainbow Fund XIII	8,367	12,365
Rainbow Fund XIV	18,447	31,154
Rainbow Fund XV	22,822	36,991
Rainbow Fund XVI	15,968	27,800
Rainbow Fund XVII	27,298	44,864
Rainbow Fund XVIII	11,514	17,543
Rainbow Fund XIX	49,911	79,784
Rainbow Fund XX	10,484	19,431
Rainbow Fund XXI	34,189	56,995
Rainbow Fund XXII	11,890	18,353
Rainbow Fund XXIII	16,435	30,571
Rainbow Fund XXIV	18,142	29,935
Rainbow Fund XXVI	158,808	184,532
Rainbow Fund XXVIII	94,299	112,724
Rainbow Fund XXIX	99,187	119,685
Rainbow Fund XXXI	197,375	231,462
Rainbow Fund VIII	8,217	12,399
Rainbow Fund IX	8,421	13,262

	31/12/18	31/12/17
Rainbow Fund Solution 2021 I	59,102	71,242
Rainbow Fund XXXIII	159,274	188,912
Monte Sicav Flex Global	168,116	174,061
Gis Cedola Europlus	27,379	-
Gis Cedola Link Inflation	625,747	-
Gis Cedola Plus	12,449	-
Gis Cedola Risk Control	87,772	-
Gis Cedola Risk Control Health Care	182,853	-
Gis Cedola Risk Control Health Care II	191,447	-
Gis Cedola Risk Control Megatrend	194,326	-
Gis Quant 1	30,270	-
Gis Cedola Risk Control Digital Revolution	314,873	-
Gis Cedola Risk Control Energie Rinnovabili	284,592	-
Gis Cedola Risk Control Global Science for Life	42,481	-
Prima Bond 2017 Crescita Imprese	-	4,227
Anima Traguardo 2017 Global Bonds	-	8,322
Anima Flex 50	-	408,972
Anima Attiva Cedola Plus 2018	-	29,237
Anima Cedola Bric 2018	-	8,403
Total own portfolios	**68,457,426**	**72,440,099**
2. Third-party portfolios		
Collective investment undertakings:		
- *Open-end CIUs*		
Etica Obbligazionario Breve Termine	311,332	341,286
Etica Obbligazionario Misto	1,178,356	1,212,106
Etica Bilanciato	1,022,621	884,309
Etica Azionario	316,621	289,004
Etica Rendita Bilanciata	620,131	472,824
Etica Impatto Clima	54,033	-
BancoPosta Evoluzione 3D	133,734	147,102
BancoPosta Evoluzione 3D I 2016	63,343	68,933
BancoPosta Evoluzione 3D Luglio 2021	42,366	45,619
BancoPosta Evoluzione 3D Ottobre 2021	35,044	37,698
BancoPosta Mix 3	913,534	671,845
BancoPosta Cedola Dinamica Nov 2022	225,563	244,692
BancoPosta Cedola Dinamica Feb 2023	75,434	81,895
BancoPosta Mix 1	1,229,319	1,412,724
BancoPosta Mix 2	1,054,225	1,015,362
BancoPosta Azionario Internazionale	408,768	390,845
BancoPosta Cedola Dinamica Maggio 2023	81,711	88,960
BancoPosta CedolaChiara Marzo 2023	38,508	28,605
BancoPosta CedolaChiara Maggio 2022	267,073	293,296
BancoPosta Progetto Giugno 2023	94,723	102,950
BancoPosta CedolaChiara Settembre 2022	52,108	57,658
BancoPosta Sviluppo Mix Settembre 2021	68,436	73,790
BancoPosta CedolaChiara Dicembre 2022	30,152	32,678
BancoPosta Sviluppo Mix Dicembre 2021	25,661	27,268
BancoPosta Sviluppo Mix Marzo 2022	28,526	7,546
BancoPosta CedolaChiara Giugno 2023	129,766	-
BancoPosta Sviluppo Mix Giugno 2022	42,162	-
BancoPosta CedolaChiara Settembre 2023	88,833	-
BancoPosta Sviluppo Mix Dicembre 2022	41,896	-
BancoPosta Sviluppo Mix 2023 I	15,865	-
BancoPosta CedolaChiara 2024 I	21,377	-
BG Selection Sicav Anima Club	66,577	92,256
BG Selection Sicav Italy Equities	119,949	235,448
Lux Im - Anima High Yield Short Term Opportunities	129,496	-
- *Closed-end CIUs*		
Fondo Aristotele	-	133,858
Total third-party portfolios	**9,027,243**	**8,490,557**
Open-end CIUs		
Closed-end CIUs		
Total portfolios delegated to third parties	**-**	**-**

(*) Merged
(**) Liquidated

1.2.2 Value of portfolio management products

	31.12.18	of which invested in SGR funds	31.12.17	of which invested in SGR funds
1. Own portfolios	91,497,862	2,699,192	9,569,790	1,288,285
2. Third-party portfolios				
3. Portfolios delegated to third parties				

1.2.3 Net value of pension funds

	31/12/18	31/12/17
1. Open-end pension funds		
1.1 Open-end pension funds:		
Arti & Mestieri	738,883	723,286
Total own funds	**738,883**	**723,286**
2. Third-party portfolios		
2.1 Pension funds:		
- open-end		
- closed-end	531,706	548,777
- other pension funds	2,853,385	2,635,878
Total third-party portfolios	**3,385,091**	**3,184,655**
3. Portfolios delegated to third parties		
3.1 Pension funds:		
- open-end		
- closed-end		
- other pension funds		
Total portfolios delegated to third parties	**-**	**-**

1.2.4 Commitments for outstanding subscriptions

CIUs and pension funds (breakdown for each CIU/pension fund)	31/12/18	31/12/17
Investment funds		
Anima America	39.3	39.1
Anima Valore Globale	223.4	175.1
Anima Salvadanaio	16.6	41.3
Anima Risparmio	124.4	410.0
Anima Sforzesco	456.7	771.5
Anima Sforzesco Plus	196.8	47.7
Anima Pianeta	3.7	27.3
Anima Visconteo	373.2	990.7
Anima Visconteo Plus	103.5	133.2
Anima Obbligazionario Corporate	9.2	79.4
Anima Capitale Piu' 70	11.4	13.2
Anima Italia	22.2	39.6
Anima Pacifico	8.4	20.6
Anima Iniziativa Europa	13.1	47.2
Anima Capitale Piu' 30	0.4	58.9
Anima Obbligazionario Emergente	258.8	117.6
Anima Capitale Piu' 15	0.3	51.3
Anima Alto Potenziale Globale	32.8	35.9
Anima Obbligazionario High Yield	22.9	94.4
Anima Fondo Trading	29.8	167.3
Anima Capitale Piu' Obbligazionario	0.1	0.3
Anima Riserva Emergente	12.7	5.2
Anima Riserva Globale	5.1	1.1
Anima Obbligazionario Euro	185.7	9.5
Anima Liquidita' Euro	30.9	402.3
Anima Emergenti	35.0	61.8
Anima Tricolore	23.3	3.3
Anima Europa	26.5	73.6
Anima Russell Multi-Asset	6.2	0.2
Anima Selection	0.2	0.4
Anima Riserva Dollaro	8.1	107.3
Anima Geo Italia	41.3	45.9
Anima Selezione Globale (Ex Anima Geo Globale)	107.8	1,447.5
Anima Fix Euro Conservativo (Ex Anima Fix Euro)	77.8	33.3
Anima Geo America	57.2	52.8
Anima Geo Asia	25.1	61.8
Anima Selezione Europa (Ex Anima Geo Europa)	122.9	176.8
Anima Geo Paesi Emergenti	40.9	958.5
Anima Fix Emergenti	11.6	18.7
Anima Forza Moderato (Ex Anima Forza 3)	13.5	33.0
Anima Forza Equilibrato (Ex Anima Forza 4)	11.5	18.0
Anima Forza Dinamico (Ex Anima Forza 5)	9.4	5.9
Anima Fix High Yield	26.6	78.0

	31/12/18	31/12/17
Anima Alto Potenziale Italia (Ex Anima Star Italia Alto Potenziale)	5.2	1,194.2
Anima Forza 1	-	6.8
Anima Forza Prudente (ex Forza 2)	13.6	54.6
Anima Geo Europa PMI	39.5	37.7
Anima Alto Potenziale Europa (Ex Anima Star Europa Alto Potenziale)	17.6	1,450.6
Anima Fix Imprese	9.4	64.0
Anima Fix Euro BT (EX Anima Fix Obbligazionario BT)	119.3	29.5
Anima Fix Euro MLT (EX Anima Fix Obbligazionario MLT)	7.8	10.8
Anima Fix Obbligazionario Globale	3.9	2,222.6
Anima Rendimento Assoluto Obbligazionario	3.3	1,193.7
Anima Bluebay Reddito Emergenti	3.1	36.4
Anima Iniziativa Italia	104.4	461.0
Anima Reddito Flessibile	0.0	0.1
Anima Global Macro Diversified	1.3	4.8
Anima Crescita Italia	30.1	741.0
Anima High Yield BT	0.4	52.2
Anima Reddito Piu' 2023	-	2,342.2
Anima Metodo&Selezione 2024	70.0	-
Anima Magellano	107.6	-
Anima Vespucci	157.6	-
Gestielle Obiettivo Risparmio	67.8	294.0
Gestielle Obiettivo Emerging Markets	0.1	-
Gestielle Mt Euro	0.1	70.0
Gestielle Obiettivo Internazionale	0.3	13.0
Gestielle Emerging Markets Bond	29.7	23.7
Gestielle Absolute Return	-	133.1
Gestielle Italia	-	31.2
Gestielle Internazionale	-	33.1
Gestielle Europa	-	15.5
Gestielle America	-	11.0
Gestielle Emerging Markets	-	31.0
Gestielle Obbligazionario Corporate	-	416.2
Gestielle Cina	-	16.9
Gestielle India	-	9.1
Gestielle BT Cedola	-	46.2
Gestielle Best Selection Equity 20	-	68.5
Volterra Dinamico	-	6.5
Volterra Absolute Return	-	18.7
Gestielle Pro Italia Cl. P	-	275.0
Gestielle Best Selection Cedola AR	-	0.3
Gestielle Absolute Return Defensive	-	6.1
Gestielle Best Selection Equity 50	-	16.2
Anima Star Bond	47.0	59.3
Anima Star High Potential Europe	780.1	305.5
Anima Emerging Markets Equity	5.7	3.8
Anima Asia Pacific Equity	0.6	1.6
Anima Medium Term Bond	3.6	15.3
Anima Short Term Corporate Bond	0.0	1,439.6
Anima Bond Dollar	0.4	1,187.3
Anima Europe Equity	30.2	21.0
Anima US Equity	254.0	3.8
Anima Euro Equity	0.0	16.5
Anima Global Bond	2.4	5.9
Anima Liquidity	51.9	35.2
Anima Short Term Bond	217.2	159.1

	31/12/18	31/12/17
Anima Variable Rate Bond	12.7	13.7
Anima Global Equity	0.9	12.5
Anima Star High Potential Italy	92.6	14.1
Anima Star High Potential Global	42.9	23.3
Anima Euro Government Bond	0.6	15.3
Anima Global Macro	0.0	15.4
Anima Italian Bond	0.1	7.4
Anima Italian Equity	0.2	3.5
Creval Private Selection Fund Conservative	49.7	-
Creval Private Selection Fund Income	49.6	-
Total investment funds	**5,260.8**	**21,753.1**

1.2.5 Advisory services: number of existing advisory service contracts

At the end of the period, there were three contracts for advisory services concerning investments in financial instruments, all entered into on market terms.

Section 3 – Information on risks and risk management policies

Premise

The policies governing the assumption of risks are defined by the Board of Directors, with strategic and management supervision functions, and by the Management Control Committee, with control functions. The Board of Directors also performs its activities through specific internal committees, including the Risk Committee (the "Committee"). The Committee is an advisory and informative body, composed of three Independent directors, with expertise and experience in accounting and financial matters and/or risk management, and is currently chaired by the Chairman of the Board of Directors.

The meetings of the Committee are normally attended by the CEO (and the officer in charge of the internal control and risk management system), the Chairman of the Board of Auditors (the other members of the Board of Auditors are also normally invited to attend), the heads of Internal Audit and Compliance and, depending on the agenda, the Financial Reporting Officer.

The Committee was set up in order to ensure the monitoring and management of risks and the safeguarding of corporate value at Group level, including the internal control system, in implementation of the strategic guidelines and management policies defined by the corporate bodies.

3.1 Financial risks

This disclosure is provided for under Article 2428 of the Italian Civil Code and under IAS 32 and IFRS 7.

Financial risks include:

- liquidity risk, which is associated with the difficulty of selling an asset rapidly and at a market price, or of promptly accessing the financial resources necessary for the company at a sustainable cost;
- credit risk, i.e. the risk of incurring losses due to the default or insolvency of the counterparty;
- market risk linked to fluctuations in the value of assets/liabilities following changes in market conditions (price, rate, exchange and commodity risk).

The Group's financial risks essentially comprise liquidity risk and market risk.

The liquidity risk is essentially associated with the management of company liquidity, both in relation to the repayment of the loan obtained by the Parent Company and in relation to the surplus of financial resources with respect to the expected liquidity needs generated by ordinary operations.

The structure of debt payments is based on the provisions of the loan agreement and the timing of repayment is appropriate to expected cash flow generation from the typical operations of direct/indirect subsidiaries.

The table below breaks down the residual payment schedule of the loan showing the undiscounted amount of the agreed payments, excluding interest:

Date	Term A	Term B	Additional Term	Total
30/06/2019	36.818	7.364	5.000	49.182
30/06/2020	47.046	9.409	5.000	61.456
30/06/2021	49.091	9.818	5.000	63.909
30/06/2022	51.136	10.227	5.000	66.364
09/11/2022	253.636	50.727		304.364
30/06/2023			50.000	50.000
05/03/2024			50.000	50.000
Total	**437.727**	**87.545**	**120.000**	**645.273**

The loans accrue interest half-yearly; interest rates are indexed to 6-month Euribor plus a spread that differs for the different credit lines.
Principal repayments on the Term Loan and Additional Term Loan are annual, with a payment date of 30 June.
The outstanding loan agreement requires compliance with financial covenants. More specifically, the contract calls for the ratio of the consolidated net financial position to consolidated EBITDA, as established in that loan agreement, to be equal to or less than 2.5. In the event of failure to comply with the covenants, the lending banks are protected by guarantee mechanisms (for example, equity cures, restrictions on the distribution of profits, early repayment of the loan). For more details, see Chapter XXII of the Prospectus prepared for the capital increase, which was filed with Consob on 23 March 2018.
As of the date of approval of these consolidated financial statements, the Parent Company was in compliance with all of the covenants, including that calculated at 31 December 2018.

With regard to managing company liquidity, each year the Boards of Directors of the companies of the Group approve (i) targets for returns; (ii) risk limits; (iii) the maximum amount that can be invested; (iv) the types of permissible deposits. In addition, Anima SGR has specific policies for managing liquidity, which provide for excess liquidity to be invested exclusively in UCITS of the Group and in bank deposits. They also specify the counterparties meeting certain credit rating requirements with whom transactions can be conducted, setting limits on the maximum amount that can be invested with each counterparty.
Financial risks are managed by the Risk Management department of the subsidiary Anima SGR.
The financial risks of the Group's proprietary portfolio (equity risk, interest rate risk, exchange risk, counterparty risk and liquidity risk) are managed by setting and monitoring operational limits on the risk that the portfolio can assume. These limits are expressed in terms of the type of permitted investment and ceilings on the Value at Risk (VaR) allowed.
The Group portfolio mainly consists of collective investment undertakings established by Group companies, which have been selected on the basis of the return targets and risk limits established by the respective boards of directors of each company. In view of the high level of liquidity of the CIUs held and the absence of derivatives, the risk exposure of the holdings is essentially represented by the market risks of the investments these entities make, which are in any event compatible with the prudent stance of the portfolio. There is no concentration risk as the CIUs held, which have segregated assets, invest their assets in diversified instruments.
These market risks are monitored through the daily verification of compliance with the approved risk limits and the calculation of the returns of the invested portfolio. The risk limits are expressed in terms of volatility and are monitored with the risk model available to the subsidiary Anima SGR.
The remainder of our liquidity is deposited on correspondence accounts and in time deposits held with leading banks.
The market risk of the Group is associated with the risk of fluctuations in interest rates, which can impact the floating-rate bank loan. To hedge that risk, as provided for in the loan agreement for Term

Tranche A and Term Tranche B, hedge contracts have been entered into, the details of which are discussed in the section "Derivatives and hedging policies" below.

3.2 Operational risks

The Parent Company primarily coordinates and provides operational management for the subsidiaries. Its exposure to operational risk is thus limited to administrative processes, some of which are handled for Anima SGR.

Anima SGR monitors the operational risks to which it is exposed using a formalized process denominated "Business Risk Management". These activities are performed by the Risk Management department.

The process is organized into the phases of (i) risk mapping, (ii) analysis of risk events (operational events only), (iii) risk assessment, (iv) risk management and (v) monitoring of mitigation actions.

The methodology for identifying risks and preparation of the associated disclosures represent the risk reporting process: this provides management with an immediate overview of the risks to which the company is most exposed and, at the same time, the processes in which those risks are concentrated. The risk situation is presented using a matrix of the characteristic process of the company and the risks (risk categories) associated with them, whose value reflects the weight and the number of risk gaps connected with them. These risk gaps are identified and measured during the checks performed by the internal control units or other control bodies.

The weight of each risk gap (scoring) is assigned on the basis of an estimate of levels of materiality, meaning the amount of the potential loss, and the probability that the underlying event will occur. The report is completed with analytical tables of the existing risk gaps and the associated corrective actions.

As regard outsourced services, in compliance with the rules governing outsourcing provided for in the Joint Bank of Italy - Consob Regulation of 19 January 2015, Anima SGR outsources a number of important services to contractors governed by specific contracts. These primarily include a number of administrative and accounting-related back-office activities and IT services connected with asset management products, including the Arti&Mestieri pension fund.

In order to monitor the maintenance of high standards of efficiency in outsourced processes, specific Service Level Agreements ("SLAs") have been reached with the outsourcers. These contracts specify the quality arrangements made by the supplier and the qualitative and quantitative service levels for the service that the outsourcer must deliver through the achievement of specific key performance indicators (KPI). Outsourced IT services are governed by specific clauses concerning the disaster recovery and business continuity plans implemented by the outsourcers in order to ensure service continuity and the retention, security and integrity of data.

These agreements also have specific clauses that enable Group companies to take action against the suppliers in the event of losses caused by breach of those agreements.

In the event of changes in (i) the regulatory framework, (ii) information systems or (iii) the internal organization of outsourcers, the agreements provide for contract revisions in order to keep them updated and appropriate to the new situation.

The failure of outsourcers to provide the minimum service levels could in any event harm Group operations and give rise to reputational losses.

For these risks, Anima SGR has implemented the measures required under the applicable regulations to verify compliance with the SLAs with outsourcers. More specifically, monitoring of service quality and outsourcer's performance of the commitments made has been assigned to the Outsourcer Monitoring unit established within the Operations Division of the company.

For more information on financial and operational risks, see the section of the report on operations entitled "Risks and uncertainties".

3.3 DERIVATIVES AND HEDGING POLICIES

TRADING DERIVATIVES

The Group has no positions in trading derivatives.

HEDGING POLICIES

Qualitative disclosures

hedging activity focuses on the interest rate risk resulting from variations in 6-month Euribor, to which the loan agreement obtained by the Parent Company is indexed.

The objective pursued by hedging interest rate risk is to stabilize the amount of future cash flows from interest on the floating-rate loan agreement (the "hedged item"). This has been achieved with interest rate swaps (the "hedging instrument") that enable the Parent Company to receive a floating interest rate from the counterparties (with a floor and indexed to the same market parameter envisaged in the loan agreement) while paying a fixed interest rate.

The interest rate risk hedging relationship has the following characteristics:

- type of hedged Item: liability;
- type of hedging relationship: cash flow hedge.

The hedged item and the hedging instrument are both indexed to 6-month Euribor and the hedging instrument contains a purchased floor option matching the floor option written on the hedged item. There is therefore an economic relationship between the above elements, given the perfect match between the technical and financial characteristics of the hedged item and the hedging instrument.

The following source of ineffectiveness of the hedging relationship has been identified:

Credit Value Adjustment (CVA)/*Debit Value Adjustment* (DVA): this adjustment is made periodically as part of the determination of the fair value of the hedging instrument in order to reflect the credit risk of the parties involved. Since the hedged risk does not include credit risk in the calculation of the fair value of the hedged item, no adjustment is made for this risk.

For the purposes of measuring any ineffectiveness, the effect of the CVA/DVA of the hedging instrument will be monitored.

Quantitative disclosures

3.3.2 Hedging derivatives: end-period notional amounts

Effective date	28/06/2018
Maturity:	09/11/2022
Notional value	275,000
Fair value at 31/12/2018	(1,572)

3.3.8 Impact of hedges on shareholders' equity: reconciliation of components of shareholders' equity

Cash flow hedges	Gross amount	Income taxes	Total
Opening balance			
a) change in fair value	(2,101)	621	**(1,480)**
b) recycling to profit or loss	529	(156)	**373**
c) other changes			
Closing balance	**(1,572)**	**465**	**(1,107)**

Section 4 – Information on capital

4.1 *Company capital*

4.1.1 Qualitative disclosures

The share capital of the Parent Company, fully subscribed and paid-up in the amount of €7,291,809.72 is represented by 380,036,892 shares with no par value.

The shares of the Parent Company have been listed since 16 April 2014 on the *Mercato Telematico Azionario* organized and operated by Borsa Italiana SpA.

For more information on the capital increase carried out in 2018, please see the discussion in the section "Significant events for Anima Group" in the report on operations accompanying these consolidated financial statements.

At the date of the approval of these consolidated financial statements, shareholders with significant interests in Anima Holding, on the basis of the reports submitted pursuant to Article 120 of Legislative Decree 58/98 and other available information, were Banco BPM SpA with 14.27%, Poste Italiane SpA with 10.04%, Wellington Management Group LLP with 6.46%, River and Mercantile Asset Management LLP with 5.05%, Aviva Global Investor Services Limited with 4.74% and Norges Bank with 3.03%.

Anima Holding has not issued profit participation certificates, convertible bonds, other securities or similar instruments.

4.1.1 Quantitative disclosures

4.1.2.1 Company capital: composition

	31.12.2018	31.12.2017
1. Share capital	7,292	5,926
2. Share premium reserve	787,652	489,200
3. Reserves	315,767	264,716
- earnings	281,723	234,295
a) legal	1,185	1,153
b) established in bylaws		
c) treasury shares		
d) other	280,538	233,142
- other	34,044	30,421
4. (Treasury shares)		
5. Valuation reserves	(1,712)	(750)
- Financial assets (other than equity securities) measured at fair value through other comprehensive income		(99)
- Cash flow hedges	(1,107)	(0)
- Actuarial gains (losses) on defined benefit plans	(605)	(651)
6. Equity instruments		
7. Net profit (loss) for the period	122,057	111,293
Total	**1,231,056**	**870,385**

The Parent Company's Shareholders' Meeting of 12 March 2018 authorized the distribution of a unitary dividend of €0.19 (from 2017 profit), which was paid on 21 March 2018 for a total amount of about €58.5 million.

Section 5 – Detailed breakdown of comprehensive income

		31.12.2018	31/12/2017
10.	NET PROFIT (LOSS) FOR THE PERIOD	122,057	111,293
	OTHER COMPREHENSIVE INCOME - NO RECYCLING TO PROFIT OR LOSS		
70.	Defined benefit plans	46	(8)
	OTHER COMPREHENSIVE INCOME - WITH RECYCLING TO PROFIT OR LOSS		
130.	Cash flow hedges	(1,107)	1,067
	a) fair value changes	(1,479)	
	b) reversal to income statement	372	1,067
	c) other changes		
150.	Financial assets available for sale		(2,557)
	a) fair value changes		(319)
	b) reversal to income statement		(2,238)
	- impairment adjustments		
	- gain/loss on realization		(2,238)
	c) other changes		
190.	TOTAL OTHER COMPREHENSIVE INCOME	(1,061)	(1,498)
140.	COMPREHENSIVE INCOME (items 10+130)	120,996	109,795

Section 6 – Transactions with related parties

6.1 Information on the remuneration of key management personnel.

The following table reports the amount of remuneration for 2018 accrued by the members of the governing and control bodies and by key management personnel.

	Board of Auditors	Board of Directors - Committees	Key management personnel	Total at 31.12.2018
Short-term benefits (1)	365	1,385	2,968	4,717
Post-employment benefits (2)			276	276
Other long-term benefits				
Termination benefits				
Share based payments (3)			1,812	1,812
Total	**365**	**1,385**	**5,055**	**6,805**

(1) Includes fixed and variable remuneration, social security contributions charges to the company and benefits in kind.
(2) Includes the company contribution to the pension fund and the accrual to the termination benefit as provided for by law and company rules.
(3) The value reported regards the variable portion of long-term remuneration from key management personnel's participation in the LTIP, which is quantified as described in "Part A – Accounting policies – A.2 The main items of the consolidated financial statements - Long Term Incentive Plan".

6.2 Information on transactions with related parties

In implementation of the regulation on related parties, the Parent Company approved a "Procedure for related-party transactions" (available on the Anima Holding website www.animaholding.it in the section Investor Relations – Corporate Governance).
During the year the Group carried out transactions, settled on terms and conditions in line with market standards, with the parties identified by the procedures approved by the Parent Company, which are designed to ensure the transparency and the substantive and procedural fairness of transactions with related parties.

Transactions of greater importance

- on 7 February 2018 Banco BPM and Anima Holding announced that they had reached an agreement, with the subsequent participation of Banca Aletti and Anima SGR, providing for the transfer by Banca Aletti to Anima SGR of management contracts for assets from the

insurance operations of Popolare Vita S.p.A. The Lawrence Life Assurance Company DAC, Avipop Assicurazioni S.p.A. e Avipop Vita S.p.A..
The main terms and conditions of the agreements were discussed in the press release published on 7 February 2018, which readers are invited to consult.
For Anima Holding, the transaction qualified as a related-party transaction of greater importance (given that Banco BPM held, at the signing date, 14.27% of the share capital of Anima Holding), and pursuant to the applicable laws and regulations was approved by the Board of Directors of Anima Holding, subject to the prior issue of a favorable opinion by the Committee for Related-Party Transactions.
On 14 February 2018, Anima Holding published, in compliance with the applicable regulations, the Information Document for the agreement as required under the provisions of Article 5, paragraph 1, of Consob Regulation 17221/2010.

- On 5 March 2018, the lender banks and Anima Holding signed an agreement to amend the original loan agreement concerning the granting of an additional term credit line with a maximum total amount of €120 million to the Company.
That additional line of credit was subsequently drawn down entirely by the Parent Company to finance the transaction with Poste involving the Demerged Business.
For Anima Holding, the transaction qualified as a related-party transaction of greater importance (given that Banco BPM held, at the signing date of the Amendment Agreement, 14.27% of the share capital of Anima Holding), and pursuant to the applicable laws and regulations was approved by the Board of Directors of Anima Holding, subject to the prior issue of a favorable opinion by the Committee for Related-Party Transactions.
On 9 March 2018, Anima Holding published, in compliance with the applicable regulations, the Information Document for the Amendment Agreement as required under the provisions of Article 5, paragraph 1, of Consob Regulation 17221/2010.
- On 6 March 2018, Poste Italiane and Anima Holding, as well as Poste Vita, BancoPosta Fondi and Anima SGR, to the extent of their involvement, signed the implementing agreements for the strengthening of their asset management partnership in accordance with the terms and conditions announced on 21 December 2017. The main terms and conditions of the agreements were discussed in the press release published on 6 March 2018, which readers are invited to consult.
For Anima Holding, the transaction qualified as a related-party transaction of greater importance (given that Poste Italiane held, at the signing date of the agreements, 10.04% of the share capital of ANIMA Holding), , and pursuant to the applicable laws and regulations was approved by the Board of Directors of Anima Holding, subject to the prior issue of a favorable opinion by the Committee for Related-Party Transactions. On 13 March 2018, Anima Holding published, in compliance with the applicable regulations, the Information Document for the agreements as required under the provisions of Article 5, paragraph 1, of Consob Regulation 17221/2010.

Transactions of lesser importance
The signing of the underwriting contract for the capital increase qualifies as a transaction of lesser importance pursuant to the Procedure for Related-Party Transactions of the Company because it involved the participation of Banca Akros SpA (whose controlling shareholder Banco BPM holds a 14.27% stake in the Parent Company) in the underwriter syndicate (together with the other underwriters). In this regard, on 21 March 2018 the Committee for Related-Party Transactions issued a favorable opinion on the signing of the Underwriting Contract subject to verification of the existence of an interest for the Parent Company to carry out the transaction as well as benefits and substantive fairness of the associated terms and conditions.

Other significant transactions
With regard to paragraph 8 of Article 5 of the Consob regulation concerning the periodic reporting of transactions with related parties, during the period no other transactions of “greater importance” or “lesser importance” were carried out with related parties.

No atypical or unusual transactions were carried out in the period.

Ordinary or recurring transactions

The balance sheet and income statement balances for transactions with related parties carried out in 2018 are summarized in the following table.

Transactions with related partly mainly regard commercial activities supporting the distribution of the products managed by the Group, current account deposits for the management of the Group's liquidity and the loan and the connected IRS derivative contract signed by the Parent Company, as well as remuneration paid to the members of the Boards of Directors of the company originating with Banco BPM and Poste.

BALANCE SHEET	Banco BPM Group	Poste Italiane Group	Total related parties
ASSETS			
40 Financial assets measured at amortized cost	134,382	4,233	**138,614**
a) for asset management	0	4,233	**4,233**
b) other loans and receivables	134,382	0	**134,382**
- deposit and current accounts	*134,382*	*0*	**134,382**
120 Other assets	994	205	**1,199**
Total assets	**135,375**	**4,438**	**139,813**
LIABILITIES			
10 Financial assets measured at amortized cost	211,566		**211,566**
- for product distribution	*61,002*		**61,002**
- for loans	*150,564*		**150,564**
40 Hedging derivatives	399		**399**
80 Other liabilities	105	48	**154**
Total liabilities	**212,070**	**48**	**212,118**
INCOME STATEMENT			
10 Fee and commission income	0	8,745	**8,745**
20 Fee and commission expense	(404,098)	0	**(404,098)**
50 Interest income on deposit and current accounts	65	0	**65**
60 Interest expense on loan/derivative	(1,582)	0	**(1,582)**
140a Personnel expenses	(107)	(60)	**(166)**
140b Other administrative expenses	(1,845)	(1,802)	**(3,647)**
180 Other operating income and expense	0	813	**813**
TOTAL INCOME STATEMENT	**(407,567)**	**7,697**	**(399,870)**

Section 7 – Other disclosures

Disclosure of fees paid for audit and non-audit services pursuant to Art. 149 duodecies of Consob Regulation no. 11971/99 as amended

	Deloitte & Touche
Audit services	154
Certification services related to capital increase	340
Certification services	39
Fees for audit of pension fund financial statements	16
Fees for audit of CIU financial statements	1.371
Total fees	**1.920**

The amounts are reported net of out-of-pocket expenses and VAT.

Milan, 27 February 2019

for the Board of Directors

[signed] The Chief Executive Officer

Certification of the consolidated financial statements pursuant to Article 154-bis, paragraph 5, of Legislative Decree 58/98 and Article 81-ter of Consob Regulation no. 11971/99 as amended

The undersigned Marco Carreri and Enrico Bosi, in their respective capacities as Chief Executive Officer and officer responsible for the preparation of the financial reports of Anima Holding, hereby certify, taking account of the provisions of Article 154-bis, paragraphs 3 and 4, of Legislative Decree 58 of 24 February 1998:

- the appropriateness with respect to the characteristics of the Company and the effective adoption of the administrative and accounting procedures for the preparation of the consolidated financial statements in 2018.

The assessment of the appropriateness of the administrative and accounting procedures used in the preparation of the consolidated financial statements at 31 December 2018 was carried out on the basis of a process developed by Anima Holding consistent with the guidelines set out in the Internal Controls - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission, which represents a generally accepted international framework.

In this regard, we also certify that:

1. the consolidated financial statements at 31 December 2018:

   - have been prepared in compliance with the international accounting standards (IAS/IFRS) and the associated interpretations of the International Financial Reporting Interpretations Committee (IFRIC) endorsed by the European Commission pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and of the Council of July 19, 2002 as well as the relevant provisions of the Italian Civil Code, Legislative Decree 38 of 28 February 2005 and the applicable measures, rules and other instructions of supervisory authorities;

   - correspond to the information in the books and other accounting records;

   - provide a true and fair representation of the performance and financial position of the issuer and the companies included in the scope of consolidation.

2. the report on operations contains a reliable analysis of operations and performance, as well as the situation of the issuer and the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which the Group is exposed.

Milano, 27 February 2019

[signed] The Chief Executive Officer	[signed] Officer responsible for the preparation of the financial reports
Marco Carreri	Enrico Bosi

ANIMA

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INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010 AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of Anima Holding S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Anima Holding S.p.A. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2018, and the consolidated income statement, the statement of consolidated comprehensive income, the statement of changes in consolidated equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and art. 43 of Italian Legislative Decree no. 136/15.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Anima Holding S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment test of goodwill	
Description of the Key Audit Matter	The goodwill recorded in the consolidated financial statements amounts to Euro 1.105 million. This goodwill recognized in relation to business combinations carried out during previous years as well as during the year ended on December 31, 2018 has been allocated to the Group's sole CGU and, as required by IAS 36 "Impairment of assets", has been subjected to impairment test by comparing the recoverable amount - determined according to the value in use method - and the carrying amount. The notes to the consolidated financial statements "Part B - Section 9 of Assets" show that the Directors of the Company have been assisted in the impairment test by an advisory firm with specific experience in corporate valuations (Independent Expert). The main assumptions adopted by the Directors of Anima Holding S.p.A. refer to: • the forecast of expected cash-flows for the explicit period based on the 2019 Budget cash-flows and, for the remaining two years, on the estimated projections in accordance with the guidelines of 2018-2020 Business Plan (the "Plan"), updated to incorporate the values included in 2019 Budget that take into account the most recent expectations regarding volumes of net sales, assets under management and related profitability; • the cash-flows to be included in the terminal value, the discount rate, the long-term growth rate, the key variables for the preparation of sensitivity and multi-scenario analysis. The notes to the consolidated financial statements "Part B - Section 9 of Assets" show that, as a result of the impairment test carried out, no losses in value have been identified. Taking into consideration the complexity and subjectivity of the estimate of the expected cash-flows and key variables with respect to the valuation model, the magnitude of the amount of goodwill recorded in the consolidated financial statements, the related impairment test has been identified as a key audit matter in the context of the audit of the consolidated financial statements of the Group as at December 31, 2018.
Audit procedures to address the Key Audit Matter identified	Our audit procedures, also carried out with the support of experts belonging to our network, have included, among others, the following: • examination of the process used by the Company to determine the value in use of the CGU, analyzing the methods and assumptions adopted by the Directors to carry out the impairment test. In this context we held meetings and discussions with Management; • understanding and observation of relevant controls put in place by the Company with respect to the impairment test process; • analysis of the Independent Expert's report;

• analysis of the reasonableness of main assumptions adopted to forecast cash-flows;

• evaluation of the reasonableness of the discounting rate, of the long-term growth rate and of other key variables adopted in the valuation model;

• verification of mathematical accuracy of the model used to determine the value in use.

Furthermore, we examined the adequacy and compliance of the disclosures provided by the Company to the provisions of IAS 36.

Extraordinary Transactions

Description of the Key Audit Matter

The notes to the consolidated financial statements "Part A – other information paragraph" show that during the year the Directors completed the purchase price allocation process (PPA), assisted by an advisory firm with specific experience in corporate valuations during the PPA (Independent Expert), in relation to the following transactions:

• Anima Holding S.p.A. completed the acquisition of Aletti Gestielle SGR S.p.A. in late 2017; as a result of the PPA, the Company recognized an intangible asset with definite useful life related to the acquired client relationship for Euro 380 million, gross of the related deferred tax liabilities (amounting to Euro 112 million). Anima Holding S.p.A. estimated the useful life of this intangible asset to be 15 years. As of December 31, 2018, the residual goodwill amounts to Euro 422 million, compared to Euro 690 million provisional goodwill recognized in the consolidated financial statements as at December 31, 2017;

• partial demerger of a business unit of BancoPosta Fondi S.p.A. SGR in favor of Anima SGR S.p.A., effective from November 1, 2018. The business unit relates to the asset management activities of government assets underlying life insurance products carried out on behalf of Poste Vita S.p.A.; as a result of the PPA, the Company recognized an intangible asset with definite useful life related to the operating agreement between Poste Group and Anima Group for Euro 107 million, gross of the related deferred tax liabilities (amounting to Euro 32 million). Anima Holding S.p.A. estimated the useful life of this intangible asset to be 15 years. As of December 31, 2018, the residual goodwill amounts to Euro 44 million.

The Directors have provided details on the evaluation method used and the aforementioned related outcomes.

On June 29, 2018 Anima SGR S.p.A. completed the acquisition of some asset management contracts from Banca Aletti & C. S.p.A.
The Directors have provided details on the transaction and on the related accounting effects in the notes to the consolidated financial statements "Part B - Section 9 of Assets" and in the section "Significant events for Anima Group" of the consolidated report on operations.

Taking into consideration the significance of the aforementioned transactions, which involved related parties, and the prominence of Directors' evaluations, the accounting treatment of the transactions and the related information provided in the notes to the consolidated financial statements has been

	considered a key audit matter in the context of the audit of the consolidated financial statements of the Group as at December 31, 2018.
Audit procedures to address the Key Audit Matter identified	Our audit procedures, also carried out with the support of experts belonging to our network, have included, among others, the following: • analysis of relevant documentation and discussion with the Management of the Company regarding the accounting impacts of the acquisitions deriving from the contractual provisions ruling the transactions; • analysis of the criteria used to identify the assets, liabilities and contingent liabilities, to determine their fair values and to determine the value of goodwill. This procedure has been performed also through the analysis of the reports prepared by the Independent Expert that assisted the Directors; • verification of the accounting treatment of the aforementioned transactions; • verification of the disclosures provided in the consolidated financial statements in compliance with the applicable international accounting standards. Lastly, we examined the completeness and compliance of the disclosures provided, given that related parties were involved in the transactions, in accordance with the provisions of the applicable accounting standards and the relevant legislation.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and art. 43 of Italian Legislative Decree no. 136/15, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Anima Holding S.p.A. has appointed us on April 27, 2017 as auditors of the Company for the years from December 31, 2017 to December 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

Deloitte.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Anima Holding S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of the Group as at December 31, 2018, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of the Group as at December 31, 2018 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of the Group as at December 31, 2018 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Paolo Gibello Ribatto
Partner

Milan, Italy
March 6, 2019

This report has been translated into the English language solely for the convenience of international readers.