

# Shareholders' equity and share

## 16 Shareholders' equity

### Shareholders' equity

(€ million)	31/12/2018	31/12/2017	Comparative period restated pursuant to IFRS5
<b>Shareholders' equity attributable to the Group</b>	<b>23,601</b>	<b>25,079</b>	<b>25,079</b>
Share capital	1,565	1,562	1,562
Capital reserves	7,107	7,098	7,098
Revenue reserves and other reserves	10,035	9,209	9,209
(Own shares)	-7	-8	-8
Reserve for currency translation differences	-146	-115	-115
Reserve for unrealized gains and losses on available for sale financial assets	3,454	6,279	5,742
Reserve for other unrealized gains and losses through equity	-716	-1,055	-519
Result of the period	2,309	2,110	2,110
Shareholders' equity attributable to minority interests	1,042	1,098	1,098
<b>Total</b>	<b>24,643</b>	<b>26,177</b>	<b>26,177</b>

The share capital is made up of 1,565,165,364 ordinary shares with a par value of € 1 each.

The Group's own shares are € -7 million, amounting to 310,273 shares.

During the year the Parent company distributed dividends amounting to € 1,330 million.

The reserve for currency translation differences arising from the translation of the subsidiaries' financial statements denominated in foreign currencies amounted to € -146 million (€ -115 million as at 31 December 2017). The negative variation was attributable to the appreciation of the euro against most major currencies.

The reserve for unrealized gains and losses on available for sale financial assets, i.e. the balance between unrealized gains and losses on financial assets, net of life deferred policyholder liabilities and deferred taxes, amounted to € 3,454 million (€ 5,742 million at 31 December 2017).

The reserve for other unrealised gains and losses through equity comprised, among other component, gains or losses on re-measurement of the net defined benefit liability in accordance with IAS 19, and gains or losses on hedging instruments accounted for as hedging derivatives (cash flow hedge), put in place in order to hedge interest rate change and British pound/Euro rate change on various subordinated bonds issued and the reserves belonging to disposal groups held for sale reclassified also for the comparative period. The item amounted to € -716 million (€ -529 million as at 31 December 2017); the variation is mainly due to movement in reserves attributable to disposal groups classified as held for sale amounting to € 250 million (€ 534 million as at 31 December 2017) and to movement in defined benefit plans remeasurements reserve in application of IAS19 which amounted to € -892 million (€ -973 million as at 31 December 2017).

## Other Comprehensive Income

### Other comprehensive income

(€ million)	31/12/2018	31/12/2017
<b>Consolidated result of the period</b>	<b>2,497</b>	<b>2,295</b>
<b>Items that may be reclassified to profit and loss in future periods</b>	<b>0</b>	<b>0</b>
Foreign currency translation differences	-45	-190
Allocation	-39	-190
Transfer to profit and loss account	-5	-0
Net unrealized gains and losses on investments available for sale	-2,322	108
Allocation	-2,543	282
Transfer to profit and loss account	221	-175
Net unrealized gains and losses on cash flows hedging derivatives	26	41
Allocation	-11	60
Transfer to profit and loss account	37	-19
Net unrealized gains and losses on hedge of a net investment in foreign operations	-4	17
Allocation	5	18
Transfer to profit and loss account	-10	-1
Share of other comprehensive income of associates	-18	-7
Allocation	-18	-7
Transfer to profit and loss account	0	0
Result of discontinued operations	-308	-196
Allocation	-223	-25
Transfer to profit and loss account	-85	-171
Others	0	0
Allocation	0	0
Transfer to profit and loss account	0	0
Subtotal	-2,670	-227
Allocation	-2,829	139
Transfer to profit and loss account	159	-366
<b>Items that may not be reclassified to profit and loss in future periods</b>	<b>0</b>	<b>0</b>
Share of other comprehensive income of associates	0	-0
Allocation	0	-0
Result of discontinued operations	25	17
Allocation	25	17
Reserve for revaluation model on intangible assets	0	0
Allocation	0	0
Reserve for revaluation model on tangible assets	0	0
Allocation	0	0
Actuarial gains or losses arising from defined benefit plans	81	22
Allocation	81	22
Subtotal	106	39
Allocation	106	39
<b>Total other comprehensive income</b>	<b>-2,564</b>	<b>-189</b>
<b>Total comprehensive income</b>	<b>-66</b>	<b>2,107</b>
attributable to the Group	-208	2,010
attributable to minority interests	141	97

The following table shows the change of deferred tax assets and liabilities related to gains or losses recognized in shareholders' equity or transferred from shareholders' equity.

#### Income taxes related to other comprehensive income

(€ million)	31/12/2018	31/12/2017
<b>Income taxes related to other comprehensive income</b>	<b>872</b>	<b>91</b>
Foreign currency translation differences	1	-0
Unrealized gains and losses on available for sale financial assets	816	70
Net unrealized gains and losses on cash flows hedging derivatives	-8	-10
Net unrealized gains and losses on hedge of a net investment in foreign operations	0	-0
Reserve on associates	0	0
Reserve for revaluation model on intangible assets	0	0
Reserve for revaluation model on tangible assets	0	0
Result of discontinued operations	94	51
Actuarial gains or losses arising from defined benefit plans	-30	-20

#### Earnings per share

Basic earnings per share are calculated by dividing the result of the period attributable to the Group by the weighted average number of ordinary shares outstanding during the period, adjusted for the Parent Company's

average number of shares owned by itself or by other Group companies during the period.

Diluted earnings per share reflect the eventual dilution effect of potential ordinary shares.

#### Earning per share

	31/12/2018	31/12/2017
Result of the period (€ million)	2,309	2,110
- from continuing operations	2,135	2,178
- from discontinued operations	173	-68
Weighted average number of ordinary shares outstanding	1,562,763,749	1,560,771,499
Adjustments for potential dilutive effect	21,954,603	21,954,603
Weighted average number of ordinary shares outstanding	1,584,718,352	1,582,726,102
Earnings per share (in €)	1.48	1.35
- from continuing operation	1.37	1.40
- from discontinued operations	0.11	-0.04
Diluted earnings per share (in €)	1.46	1.33
- from continuing operation	1.35	1.38
- from discontinued operations	0.11	-0.04

For more details on dividend per share please refer to the Management Report.

## Reconciliation statement of the result of the period and shareholders' equity of the Group and the Parent Company

In accordance with the CONSOB Communication No. 6064293 of 28 July 2006, the table below summarizes the reconciliation of the result of the period and shareholders' equity of the Group and the Parent Company.

### Reconciliation report

(€ million)	31/12/2018		31/12/2017	
	Shareholders' equity before the result of the period	Result of the period	Shareholders' equity before the result of the period	Result of the period
<b>Parent Company amounts in conformity with the Italian accounting principles</b>	<b>13,504</b>	<b>1,473</b>	<b>13,421</b>	<b>1,404</b>
Adjustments to Parent Company for IAS/IFRS application	817	-9	957	-31
<b>Parent Company amounts in conformity with IAS/IFRS principles</b>	<b>14,320</b>	<b>1,464</b>	<b>14,378</b>	<b>1,374</b>
Result of the period of entities included in the consolidation area		8,633		8,949
Dividends	6,858	-6,858	6,883	-6,883
Elimination of participations, equity valuation impacts and other consolidation adjustments	-2,686	-931	-3,534	-1,330
Reserve for currency translation differences	-146		-115	
Reserve for unrealized gains and losses on available for sale financial assets	3,473		6,211	
Reserve for other unrealized gains and losses through equity	-528		-854	
<b>Shareholders equity attributable to the group</b>	<b>21,292</b>	<b>2,309</b>	<b>22,969</b>	<b>2,110</b>