Audited Consolidated Financial Statements of the BFCM Group as of and for the Year Ended December 31, 2011

The financial statements are presented on the following pages.
IFRS consolidated financial statements of BFCM as of December 31, 2011.

Consolidated balance sheet

(in € millions)

◆ Assets

	Notes	December 31, 2011	December 31, 2010
Cash and amounts due from central banks	4a	5,430	6,543
Financial assets at fair value through profit or loss	5a, 5c	36,875	40,120
Hedging derivative instruments	6a, 5c, 6c	1,099	134
Available-for-sale financial assets	7, 5c	64,374	68,041
Loans and receivables due from credit institutions	4a	66,055	65,415
Loans and receivables due from customers	8a	165,358	159,542
Remeasurement adjustment on interest-rate risk hedged investments	6b	738	580
Held-to-maturity financial assets	9	14,377	8,926
Current tax assets	13a	907	697
Deferred tax assets	13b	1,478	1,168
Accruals and other assets	14a	15,870	14,723
Equity-accounted investments	15	1,697	1,589
Investment property	16	869	791
Property, plant and equipment	17a	1,971	1,965
Intangible assets	17b	902	935
Goodwill	18	4,203	4,096
Total assets		**382,200**	**375,264**

◆ Liabilities and shareholder's equity

	Notes	December 31, 2011	December 31, 2010
Due to central banks	4b	282	44
Financial liabilities at fair value through profit or loss	5b, 5c	30,928	34,194
Hedging derivative instruments	6a, 5c, 6c	2,974	2,457
Due to credit institutions	4b	49,114	38,193
Due to customers	8b	126,146	116,325
Debt securities	19	86,673	94,646
Remeasurement adjustment on interest-rate risk hedged investments	6b	- 1,664	- 1,331
Current tax liabilities	13a	397	395
Deferred tax liabilities	13b	771	850
Accruals and other liabilities	14b	7,596	10,429
Technical reserves of insurance companies	20	55,907	55,442
Provisions	21	1,365	1,420
Subordinated debt	22	8,025	8,619
Shareholders' equity		**13,695**	**13,581**
Shareholders' equity attributable to the Group		**10,623**	**10,430**
– Subscribed capital and issue premiums	*23a*	*2,061*	*1,880*
– Consolidated reserves	*23a*	*8,824*	*7,508*
– Unrealised or deferred gains and losses	*23c*	*- 1,078*	*- 363*
– Net income for the year		*817*	*1,405*
Shareholders' equity - Minority interests		**3,072**	**3,151**
Total liabilities and shareholders' equity		**382,200**	**375,264**

Consolidated income statement
(in € millions)

	Notes	2011	2010
Interest income	25	14,844	15,748
Interest expense	25	- 10,468	- 10,915
Fee and commission income	26	2,833	3,098
Fee and commission expense	26	- 841	- 843
Net gain (loss) on financial instruments at fair value through profit or loss	27	24	77
Net gain (loss) on available-for-sale financial assets	28	- 86	123
Income from other activities	29	9,344	11,248
Expenses on other activities	29	- 7,898	- 10,055
Net banking income		**7,753**	**8,481**
Operating expenses	30a, 30b	- 4,651	- 4,613
Depreciation, amortization and impairment of non-current assets	30c	- 284	- 298
Gross operating income		**2,818**	**3,570**
Net additions to/reversals from provisions for loan losses	31	- 1,336	- 1,214
Operating income		**1,482**	**2,356**
Share of net income (loss) of associates	15	15	35
Gains (losses) on other assets	32	102	8
Change in value of goodwill	33	- 9	- 45
Net income before tax		**1,590**	**2,355**
Corporate income tax	34	- 541	- 604
Net income		**1,050**	**1,751**
Net income attributable to minority interests		233	346
Net income attributable to the Group		**817**	**1,405**
Earnings per share (in €)*	35	31.10	53.93

* Basic and diluted earnings per share were identical

◆ Net income and gains and losses recognized directly in shareholders' equity (in € millions)

	Notes	2011	2010
Net income		**1,050**	**1,751**
Translation adjustments		- 5	0
Remeasurement of available-for-sale financial assets		- 730	- 300
Remeasurement of hedging derivative instruments		- 16	- 45
Remeasurement of non-current assets		0	0
Share of unrealized or deferred gains and losses of associates		- 13	21
Total gains and losses recognized directly in shareholders' equity	23c, 23d	**- 764**	**- 324**
Net income and gains and losses recognized directly in shareholders' equity		**285**	**1,426**
– attributable to the Group		*102*	*1,095*
– attributable to minority interests		*184*	*322*

The items relating to gains and losses recognized directly in shareholders' equity are presented net of related tax effects.

Consolidated statement of cash flows

	2011	2010
Net income	1,050	1,751
Corporate income tax	540	604
Income before income tax	**1,590**	**2,355**
Net depreciation/amortization expense on property and equipment and intangible assets	282	294
Impairment of goodwill and other non-current assets	33	2
Net additions to/reversals from provisions and impairment losses	567	154
Share of net income/loss of associates	- 43	- 36
Net loss/gain from investment activities	- 131	- 17
Income/expense from financing activities	0	0
Other movements	731	- 2,451
Total non-monetary items included in income before tax and other adjustments	**1,438**	**- 2,054**
Cash flows relating to interbank transactions	6,228	- 20,819
Cash flows relating to customer transactions	4,560	2,767
Cash flows relating to other transactions affecting financial assets or liabilities	- 17,418	6,713
Cash flows relating to other transactions affecting non-financial assets or liabilities	- 3,631	322
Corporate income tax paid	- 642	- 557
Net decrease/increase in assets and liabilities from operating activities	**- 10,904**	**- 11,573**
Net cash flows from (used in) operating activities	**- 7,876**	**- 11,272**
Cash flows relating to financial assets and investments in non-consolidated companies	- 4,974	- 466
Cash flows relating to investment property	- 104	- 121
Cash flows relating to property, equipment and intangible assets	- 76	- 199
Net cash flows from (used in) investing activities	**- 5,154**	**- 786**
Cash flows relating to transactions with shareholders	28	- 182
Other cash flows relating to financing activities	7,317	2,642
Net cash flows from (used in) financing activities	**7,344**	**2,460**
Impact of movements in exchange rates on cash and cash equivalents	**103**	**127**
Net increase (decrease) in cash and cash equivalents	**- 5,582**	**- 9,471**
Net cash flows from (used in) operating activities	- 7,876	- 11,272
Net cash flows from (used in) investing activities	- 5,154	- 786
Net cash flows from (used in) financing activities	7,344	2,460
Impact of movements in exchange rates on cash and cash equivalents	103	127
Cash and cash equivalents at beginning of year	**- 4,805**	**4,667**
Cash accounts and accounts with central banks and post office banks	6,499	6,790
Demand loans and deposits – credit institutions	- 11,304	- 2,123
Cash and cash equivalents at end of period	**- 10,387**	**- 4,805**
Cash accounts and accounts with central banks and post office banks	5,147	6,499
Demand loans and deposits – credit institutions	- 15,534	- 11,304
Change in cash and cash equivalents	**- 5,582**	**- 9,471**

Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital stock	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholders' equity at January 1, 2010	**1,302**	**578**	**6,814**	**- 40**
Capital increase				
Appropriation of 2009 earnings			808	
2010 dividend paid out of 2009 earnings			- 129	
Sub-total: movements arising from shareholder relations			**679**	
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
2010 net income				
Sub-total				
Impact of changes in group structure			10	
Translation adjustments				46
Other changes	0	0	0	
Shareholders' equity at December 31, 2010	**1,302**	**578**	**7,503**	**6**
Shareholders' equity at January 1, 2010	**1,302**	**578**	**7,503**	**6**
Capital increase	23	158		
Appropriation of 2010 earnings			1,405	
2011 dividend paid out of 2010 earnings				
Sub-total: movements arising from shareholder relations	**23**	**158**	**1,405**	
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
2011 net income				
Sub-total				
Impact of changes in group structure			- 105	
Change in accounting methods				
Translation adjustments				15
Other changes	0	0		
Shareholders' equity at December 31, 2011	**1,325**	**736**	**8,803**	**20**

1. Reserves at December 31, 2011 include a legal reserve of €130 million, regulatory reserves for a total of €1,242 million and other reserves amounting to €7,430 million.

Unrealized or deferred gains and losses, net of tax		Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
Relating to changes in fair value of available-for-sale financial assets	Relating to changes in fair value of hedging derivative instruments				
- 10	- 43	808	9,409	2,881	12,290
		- 808			
			- 129	- 53	- 182
		- 808	- 129	- 53	- 182
- 265	- 45		- 310	- 14	- 324
		1,405	1,405	346	1,751
- 265	- 45	1,405	1,095	332	1,427
			10	- 20	- 10
			46	11	57
	0	0	- 1		- 1
- 275	- 88	1,405	10,430	3,151	13,581
- 275	- 88	1,405	10,430	3,151	13,581
			181		181
		- 1,405			
				- 153	- 153
		- 1,405	181	- 153	28
- 698	- 17		- 715	- 49	- 764
		817	817	233	1,050
- 698	- 17	817	102	184	285
			- 105	- 112	- 217
			15	3	17
			1		1
- 973	- 105	817	10,623	3,072	13,695

Notes to the consolidated financial statements

Note 1: Accounting principles and methods

Note 1.1 Accounting reference framework

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2011 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2010. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The financial statements are presented in accordance with CNC recommendation 2009-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 which replaced regulation 1725/2003. The entire framework is available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

The information on risk management required by IFRS 7 is shown in a specific section of the management report.

New accounting standards applicable as of January 1, 2011		Date of application specified by the IASB (fiscal years beginning on)	Date of application in the EU (fiscal years beginning on)
IAS 32	Classification of Rights Issues	2/1/2010	2/1/2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	7/1/2010	7/1/2010
IAS 24	Related Party Disclosures	1/01/2011	1/01/2011
IFRIC 14	Prepayments of a Minimum Funding Requirement	1/01/2011	1/01/2011
Improvements to existing standards			
Amendment IFRS 3	Business Combinations	7/1/2010	7/1/2010
Amendment IFRS 7	Financial Instruments - Disclosures	1/01/2011	1/01/2011
Amendment IAS 1	Presentation of Financial Statements	1/01/2011	1/01/2011
Amendment IFRIC 13	Customer Loyalty Programs	1/01/2011	1/01/2011
Amendment IAS 34	Interim Financial Reporting	1/01/2011	1/01/2011
Standards and interpretations not yet applied			
Amendment IFRS 7	Disclosures – Transfers of Financial Assets	7/1/2011	7/1/2011
Amendment IAS 12	Deferred tax: Recovery of Underlying Assets	1/01/2012	Not adopted
IFRS 9	Financial Instruments	1/01/2015	Not adopted
IFRS 10	Consolidated Financial Statements	1/01/2013	Not adopted
IFRS 11	Joint arrangements	1/01/2013	Not adopted
IFRS 12	Disclosures of interests in other entities	1/01/2013	Not adopted
IFRS 13	Fair value measurement	1/01/2013	Not adopted
IAS 28	Investments in associates and joint ventures	1/01/2013	Not adopted
IAS 19	Employee benefits	1/01/2013	Not adopted
Amendment IAS 1	Presentation of Financial Statements – Presentation of items of other comprehensive income	1/01/2013	Not adopted
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1/01/2013	Not adopted

Note 1.2 Scope and basis of consolidation

Scope of consolidation

The general principles for the inclusion of an entity in the consolidation scope are defined in IAS 27, IAS 28 and IAS 31.

The consolidation scope comprises:

– ***Entities under exclusive control***: exclusive control is considered as being exercised in cases where the Group holds a majority of the shares, directly or indirectly, and either the majority of the voting rights or the power to appoint the majority of members of the board of directors, executive board or supervisory board, or when the Group exercises a dominant influence. Entities that are controlled exclusively by the Group are fully consolidated.

– ***Entities under joint control***: joint control is exercised by virtue of a contractual agreement, and is the shared control of an economic activity, irrespective of the structure or form under which that activity is conducted. Jointlycontrolled companies are consolidated using the proportional method.

– ***Entities over which the Group exercises significant influence***: these are the entities that are not controlled by the consolidating entity, but in which the Group has the power to participate in determining their financial and operating policies. The share capital of the entities in which the Group exercises a significant influence is consolidated using the equity method.

Entities controlled by the Group or over which it exercises significant influence and which are not material in relation to the consolidated financial statements are not consolidated. This situation is presumed if the total statement of financial position or the income statement of an entity represents less than 1% of the related consolidated or sub-consolidated (if applicable) totals. This is a purely relative criterion: an entity may be included in the consolidated group regardless of the 1% threshold if it is regarded as a strategic investment given its activity or its development.

Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the activities are conducted exclusively on behalf of the Group; the Group has the decision-making or management powers to obtain the majority of the benefits of the ongoing operations of the SPE; the Group has the capacity to benefit from the SPE; the Group retains the majority of the risks related to the SPE).

Shareholdings owned by private equity companies over which joint control or significant influence is exercised are excluded from the scope of consolidation and their value is accounted for under the fair value option.

◆ Changes in the scope of consolidation

Changes in the scope of consolidation as of December 31, 2011 were as follows:

– ***Additions to the scope of consolidation***:

Banking network and network subsidiaries: Banque Casino.

Insurance companies: Voy Mediacion, Atlancourtage.

Other companies: CM-CIC Immobilier, France Est, L'Est Républicain, Journal de Haute Marne, Affiches d'Alsace Lorraine, Alsatic, Alsace Média Participations, Alsacienne de Portage des DNA, A.Télé, Les Dernières Nouvelles d'Alsace, Les Dernières Nouvelles de Colmar, France Régie, Publicité Moderne, Roto Champagne, Société Alsacienne de Presse de l'Audiovisuel, SDV Plurimédia, Société de Presse Investissement, Top Est 88, SEHLJ, Est Bourgogne Média.

– Mergers / acquisitions:

CIC Investissements with CMCIC Investissement, Financière Voltaire with CMCIC Capital Finance, GPK Finance with Transatlantique Gestion, Société Foncière et Financière with CMCIC Capital Finance, IPO with CMCIC Investissement and IPO Ingénierie with CMCIC Capital France, les Journaux de Saône et Loire with Est Bourgogne Media and le Bien Public with Est Bourgogne Media.

– Removals from the scope of consolidation:

Alsace Publicité, Cofidis Romania, Euro Protection Services, ICM Ré, Vizille de Participations.

Consolidation methods

The consolidation methods used are as follows:

◆ Full consolidation

This method involves substituting for the value of the shares each of the assets and liabilities of each subsidiary and recognizing the interests of non-controlling shareholders in shareholders' equity and in the income statement. This method is applicable to all entities under exclusive control, including those that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

◆ Proportionate consolidation

This method involves the consolidation by the consolidating entity of the representative share of its interests in the accounts of the consolidated entity, after restatements if necessary, so that no allowance is made for non-controlling interests. This method is applicable to all entities under joint control, including entities that do not share the same accounting structures, whether or not the business of the consolidated party is an extension of the business of the consolidating party.

◆ **Consolidation using the equity method**

This involves substituting for the value of the shares the Group's interest in the equity and in the earnings of the relevant entities. This method applies to entities over which the Group exercises significant influence.

Closing date

All Group companies falling within the scope of consolidation have a December 31 closing date.

Elimination of intercompany transactions

Intercompany transactions and the profits arising from transfers between Group entities that have a significant effect on the consolidated financial statements are eliminated.

Receivables, payables, reciprocal commitments, internal expenses and income are eliminated for entities subject to full and proportionate consolidation.

Translation of financial statements expressed in foreign currencies

The statements of financial position of foreign entities are translated into euros at the official year-end exchange rate. Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of equity, under "Translation adjustments". Their income statements are translated into euros at the average exchange rate for the year (the Group considers that any differences between the average rate for the year and the rates applicable on each transaction date are immaterial), and the resulting differences are recorded under "Translation adjustments". On liquidation or disposal of some or all of the interests held in a foreign entity, these amounts are recognized through the income statement.

As allowed by IFRS 1, the balance of cumulative translation adjustments was reset to zero in the opening statement of financial position as of January 1, 2004.

Goodwill

◆ **Measurement differences**

On taking control of a new entity, its assets, liabilities and any operating contingent liabilities are measured at fair value. Any difference between carrying amounts and fair value is recognized as goodwill.

◆ **Acquisition goodwill**

In accordance with IFRS 3R, when the Bank acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at fair value net of selling costs. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".

If the Group's stake in an entity it already controls increases/decreases, the difference between the acquisition cost/selling price of the shares and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity.

Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies.

Goodwill does not include direct expenses associated with acquisitions, which are required to be expensed under IFRS 3R.

Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. These impairment losses on goodwill – which are recognized through the income statement – cannot be reversed. In practice, cash-generating units are defined on the basis of the Group's business lines.

Non-controlling interests

These correspond to interests that do not provide control, as defined in IAS 27, and incorporate those instruments representing current ownership interests that entitle the owner to a pro rata share of the net assets of the entity in the event of liquidation, and other equity instruments issued by the subsidiary and not owned by the Group.

Note 1.3 Accounting principles and methods

IFRS offer a choice of accounting methods for certain items. The main options adopted by the Group relate to the following:

• The use of fair value or of remeasurement to assess the presumed cost of non-current assets at the time of translation. This option may apply to any tangible asset or intangible asset that satisfies the remeasurement criteria, or to any investment property valued on a cost basis. The Group has chosen not to adopt this option.

• The Group has not opted for the immediate recognition in shareholders' equity of actuarial gains and losses related to employee benefits.

• The Group has opted to re-set translation adjustments to zero in the opening statement of financial position.

• The valuation at market price of certain liabilities issued by the company and not included in the trading book.

• The Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation no. 2086/2004 of the European Commission.

• The Group uses the October 2008 amendment to IAS39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

Note 1.3.1 Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and which are not intended at the time of their acquisition or grant to be sold. They include loans granted directly by the Group or its share in syndicated loans, purchased loans and debt securities that are not listed on an active market. Loans and receivables are measured at fair value, which is usually the net amount disbursed at inception.

The interest rates applied to loans granted are deemed to represent market rates, since they are constantly adjusted in line with the interest rates applied by the vast majority of competitor banks. They are subsequently carried at amortized cost using the effective interest rate method (other than for loans and receivables carried at fair value by option).

Commissions received or paid that are directly related to setting up the loan and are treated as an additional component of interest are recognized over the life of the loan using the effective interest rate method and are shown under interest items in the income statement.

The fair value of loans and receivables is disclosed in the notes to the financial statements at the end of each reporting period and corresponds to the net present value of future cash flows estimated using a zero-coupon yield curve that includes an issuer cost inherent to the debtor.

Note 1.3.2 Impairment of loans and receivables, financing commitments and financial guarantees given, and available-for-sale or held-to-maturity instruments

◆ Individual impairment of loans

Impairment is recognized when there is objective evidence of a measurable decrease in value as a result of an event occurring after inception of a loan or group of loans, and which may lead to a loss. Loans are tested for impairment on an individual basis at the end of each reporting period. The amount of impairment is equal to the difference between the carrying amount and the present value of the estimated future cash flows associated with the loan, taking into account any guarantees, discounted at the original effective interest rate. For variable-rate loans, the last known contractual interest rate is used.

Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time.

Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under provisions in liabilities for financing and guarantee commitments.

Loan losses are recorded in losses and the corresponding impairments and provisions are written back.

◆ Collective impairment of loans

Customer loans that are not individually impaired are risk-assessed on the basis of loans with similar characteristics. This assessment draws upon internal and external rating systems, the estimated probability of default, the estimated loss rate, and the amount of loans outstanding. Portfolio-based impairment is deducted from the carrying amount of the assets concerned, while any movements in impairment are included in "Net additions to/reversals from provisions for loan losses" in the income statement.

Note 1.3.3 Leases

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment or a series of payments the right to use an asset for an agreed period of time.

A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

An operating lease is a lease other than a finance lease.

◆ Finance leases – lessor accounting

In accordance with IAS 17, finance lease transactions with non-Group companies are included in the consolidated statement of financial position in an amount corresponding to the net investment in the lease.

In the lessor's financial statements, the analysis of the economic substance of the transaction results in:

- the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;
- the breakdown of lease payments between principal repayments and interest, known as financial amortization;
- the recognition of an unrealized reserve, equal to the difference between:
  - the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
  - the net carrying amount of the leased non-current assets;
  - the deferred tax provision.

◆ Finance leases – lessee accounting

In accordance with IAS 17, assets acquired under finance leases are included in property and equipment and an amount due to credit institutions is recorded as a liability. Lease payments are broken down between principal repayments and interest.

Note 1.3.4 Acquired securities

The securities held are classified into the three categories defined in IAS 39, namely financial instruments at fair value through profit or loss, financial assets held to maturity, and financial assets available for sale.

◆ Financial assets and liabilities at fair value through profit or loss

Classification

Financial instruments at fair value through profit or loss comprise:

a) financial instruments held for trading purposes, consisting mainly of instruments that:

a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or

b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or

c. represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39, for which application guidance was given in the amendment published in June 2005. This option is designed to help entities produce more relevant information, by enabling:

a. certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;

b. a significant reduction in accounting mismatches regarding certain assets and liabilities;

c. a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis.

This Group used this option mainly in connection with insurance business units of account contracts in line with the treatment for liabilities, as well as the securities held in the private equity portfolio and certain debt securities with embedded derivatives.

Basis for recognition and measurement of related income and expenses

Financial instruments included in this category are recognized in the statement of financial position at fair value up to the date of their disposal. Changes in fair value and in interest received or accrued on fixed-income securities are taken to the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss". Purchases and sales of securities at fair value through profit or loss are recognized on the settlement date. Any changes in fair value between the transaction date and settlement date are taken to income. Fair value also incorporates an assessment of counterparty risk on these securities.

Fair value or market value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. The fair value of an instrument upon initial recognition is generally its transaction price.

If the instrument is traded on an active market, the best estimate of fair value is the quoted price.

The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price, and for an asset to be acquired or liability held, the ask price.

When the bank has assets and liabilities with offsetting market risks, the net position is valued at the bid price for a net asset held or a net liability to be issued and at the ask price for a net asset to be acquired or liability held.

A market is deemed to be active if quoted prices are readily and regularly available and represent actual and regularly occurring market transactions in very similar instruments carried out on an arm's length basis.

If the market for a financial instrument is not active, fair value is established using a valuation technique.

Derivatives are remeasured based on available observable market data such as yield curves to which the bid/ ask price is then applied.

A multi-criteria approach is adopted to determine the value of securities held in the private equity portfolio, backed by historical experience of valuing unlisted companies.

Criteria for classification and rules of transfer

Market conditions may cause the Crédit Mutuel Group to review its investment and management strategy of these securities. Thus, when it appears inappropriate to sell securities initially acquired for the purpose of selling them in the near term, these securities may be reclassified under the specific provisions provided for by the October 2008 amendment to IAS 39. Transfers to "Available for sale financial assets" or "Held to maturity financial assets" categories are authorized in exceptional circumstances. Transfers to the "Loans and receivables" category are contingent upon the Group's intention and ability to retain ownership of such securities in the foreseeable future or until maturity. The purpose of these portfolio transfers is to better reflect the new intention to manage these instruments, and to give a more faithful picture of their impact on the Group profit or loss.

◆ Available for sale financial assets

Classification

Available-for-sale financial assets are financial assets that have not been classified as "*loans and receivables*", "held-to *maturity financial assets*" or "*financial assets at fair value through profit or loss*".

Basis for recognition and measurement of related income and expenses

Available-for-sale financial assets are carried at fair value until disposal. Changes in fair value are shown on the "Unrealized or deferred gains and losses" line within a specific equity account, excluding accrued income. These unrealized or deferred gains or losses recognized in equity are only transferred to the income statement in the event of disposal or a lasting impairment in value. On disposal or recognition of a lasting impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement under "Net gain/ (loss) on available-for-sale financial assets". Purchases and sales are recognized at the settlement date.

Income received or accrued from fixed-income available-for-sale securities is recognized in the income statement under "Interest income". Dividend income relating to variable-income available-for-sale securities is taken to income under "Net gain/ (loss) on available-for-sale financial assets".

◆ Impairment of available-for-sale debt instruments

Impairment losses are recognized in "Net additions to/ reversals from provisions for loan losses" and are reversible.

In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

◆ Impairment of available-for-sale equity instruments

An equity instrument is impaired when there exists objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost; or b) information regarding significant changes that have a negative impact and have arisen in the technological environment prevailing in the economic or legal market in which the issuer operates and which indicates that the cost of the investment may not be recovered.

In the case of an equity instrument, the loss of at least 50% of its value compared with its acquisition cost or a loss of value lasting more than 36 consecutive months implies an impairment. Such instruments are analyzed on a line-by-line basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

Impairment is recognized under "Net gain/ (loss) on available-for-sale financial assets" and is irreversible so long as the instrument is carried in the statement of financial position. Any subsequent impairment is also recognized in the income statement. In the event of impairment, any unrealized or deferred gains or losses are written back to the income statement.

Criteria for classification and rules of transfer

Fixed-income securities may be reclassified:

– Into "Held-to-maturity financial assets" in the event of a change in the management intention, and provided that they qualify for this category;

– Into "Loans and receivables" in the event of a change in the management intention, the ability to hold the securities in the foreseeable future or until maturity, and provided that they fulfill the eligibility conditions of this category;

In the event of transfer, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be written back.

In the event of a transfer of instruments with a fixed maturity from "Available-for-sale financial assets" to the "Held-to-maturity financial assets" or "Loans and receivables" categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In the case of a transfer of instruments without a fixed maturity date to the "Loans and receivables" category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

◆ Held-to-maturity financial assets

Classification

Held-to-maturity financial assets are financial assets listed on an active market, with fixed or determinable payments that the Group has the positive intention and ability to hold to maturity, other than those that the Group has designated at fair value through profit or loss or as available for sale. The positive intention and ability to hold to maturity are assessed at the end of each reporting period.

Basis for recognition and measurement of related income and expenses

Held-to-maturity investments are recognized at fair value upon acquisition. Transaction costs are deferred and included in the calculation of the effective interest rate, unless they are not material in which case they are recognized immediately through profit or loss. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest rate method, which builds in the actuarial amortization of premiums and discounts corresponding to the difference between the purchase price and redemption value of the asset.

Income earned from this category of investments is included in "Interest income" in the income statement.

Impairment

Should a credit risk arise, impairment on held-to-maturity financial assets is calculated in the same way as for loans and receivables.

Criteria for classification and rules of transfer

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel Group has the intention and ability to hold until maturity.

Any interest-rate risk hedges applicable to this category do not qualify for hedge accounting as defined in IAS 39.

Furthermore, disposals or transfers of securities in this portfolio are very restricted, due to the provisions laid down in IAS 39; breaching this rule would entail the declassification of the whole portfolio at the Group level, and forbid access to this category for two years.

◆ Fair value hierarchy of financial instruments

There are three levels of fair value of financial instruments, as defined by IFRS 7:

• level 1: prices quoted on active markets for identical assets or liabilities;

• level 2: data other than the level 1 quoted prices, which are observable for the asset or liability concerned, either directly (i.e. prices) or indirectly (i.e. data derived from prices);

• level 3: data relating to the asset or liability that are not based on observable market data (non-observable data).

◆ Derivatives and hedge accounting

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

– whose fair value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, credit rating or credit index, or other variable – sometimes called the "underlying";

– which requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts exhibiting a similar response to changes in market factors;

– which is settled at a future date.

Derivatives are classified as financial instruments held for trading except when they are part of a designated hedging relationship.

Derivatives are recorded in the statement of financial position under financial instruments at fair value through profit or loss. Changes in fair value and interest accrued or payable are recognized in "Net gain/ (loss) on financial instruments at fair value through profit or loss".

Derivatives qualifying for hedge accounting in accordance with IAS 39 are classified as "fair value hedges" or "cash flow hedges", as appropriate. All other derivatives are classified as trading assets or liabilities, even if they were contracted for the purpose of hedging one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a standalone derivative.

Embedded derivatives are separated from the host contract and accounted for as a derivative at fair value through profit or loss provided that they meet the following three conditions:

- the hybrid instrument is not measured at fair value through profit or loss;
- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- the separate measurement of the embedded derivative is sufficiently reliable to provide useful information.

◆ Financial instruments at fair value through profit or loss – derivatives – structured products

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps. There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.

The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the end of the reporting period. If the instruments are not traded on an organized market, the valuation parameters are determined by reference to the values quoted by the most active dealers in the corresponding products or by extrapolating quoted values. All these parameters are based on historical data. The parameters applied to measure the value of unquoted forward financial instruments are determined using a system that provides a snapshot of market prices. Every day, at a fixed time, the bid and ask prices quoted by several market players, as displayed on the market screens, are recorded in the system. A single price is fixed for each relevant market parameter.

Certain complex financial instruments – mainly customized equity barrier options with single or multiple underlyings presenting low levels of liquidity and long maturities – are measured using internal models and valuation inputs such as long volatilities, correlations, and expected dividend flows where no observable data can be obtained from active markets. Upon initial recognition, these complex financial instruments are recorded in the statement of financial position at their transaction price, which is deemed to be the best indication of fair value even though the result of the model-based valuation may differ. The difference between the price at which a complex instrument is traded and the value obtained from internal models, which generally represents a gain, is known as "day one profit". IFRS prohibit the recognition of a margin on products valued using models and parameters that are not observable on active markets. The margin is therefore deferred. The margin realized on options with a single underlying and no barrier is recognized over the life of the instrument. The margin on products with barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

◆ Hedge accounting

IAS 39 permits three types of hedging relationship. The hedging relationship is selected on the basis of the type of risk being hedged. A fair value hedge is a hedge of the exposure to changes in fair value of a financial asset or liability and is mainly used to hedge the interest rate risk on fixed-rate assets and liabilities and on demand deposits, as permitted by the European Union. A cash flow hedge is a hedge of the exposure to variability in cash flows relating to a financial asset or liability, firm commitment or highly probable forecast transaction. Cash flow hedges are used in particular for interest rate risk on variable-rate assets and liabilities, including rollovers, and for foreign exchange risk on highly probable foreign currency revenues. Hedges of a net investment in a foreign operation are a special type of cash flow hedge.

At the inception of the hedge, the Group documents the hedging relationship, i.e. that between the item being hedged and the hedging instrument. This documentation describes the management objectives of the hedging relationship, as well as the type of risk covered, the hedged item and hedging instrument, and the methods used to assess the effectiveness of the hedging relationship.

Hedge effectiveness is assessed at the inception of the hedge and subsequently at least at the end of each reporting period.

The ineffective portion of the hedge is recognized in the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss".

Fair value hedging instruments

The portion corresponding to the rediscounting of a derivative financial instrument is recorded in the income statement under the line item "Interest income, interest expense and equivalent - Hedging derivative instruments", symmetrically to the interest income or expenses relating to the hedged item.

In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss, under the line item "Net gain (loss) on financial instruments at fair value through profit or loss" symmetrically to the remeasurement of the hedged item to reflect the hedged risk through profit or loss. This rule also applies if the hedged item is accounted for at amortized cost or if it is a financial asset classified as available for sale. If the hedging relationship is perfectly effective, the fair value change in the hedging instrument offsets the change in fair value of the hedged item.

The hedge must be considered as "highly effective" to qualify for hedge accounting. The change in fair value or cash flows attributable to the hedging instrument must practically offset the change in the hedged item's fair value or cash flows. The ratio between those two changes must be comprised between 80% and 125%.

If the hedging relationship is interrupted, or the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied on a prospective basis. Hedge derivatives are reclassified as trading instruments and are recognized as per the principles applied to that category. The value of the hedged element in the statement of financial position is subsequently not adjusted to reflect changes in fair value, and the cumulative adjustments related to the hedge are amortized over the remaining life of the hedged item. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is immediately recognized in income.

Fair value hedging instruments – interest rate risk

The amendments introduced by the European Union to IAS 39 in October 2004 make it possible to include customer demand deposits in fixed rate liability portfolios.

For each portfolio of assets or liabilities, the bank checks that there is no excess hedging, and does so by pillar business line and at each reporting date.

The liability portfolio is scheduled over time, under the estimates for future cash flows defined by the ALM unit.

Changes in fair value of the interest rate risk on the hedged instrument portfolios are recorded in a special line item of the statement of financial position called "Remeasurement adjustment on investments hedged against interest rate risk", the counterpart being an income statement line item.

Cash flow hedging instruments

In the case of a cash flow hedge relationship, the gains or losses on effective hedging instruments are recognized in shareholders' equity under the line item "Unrealized or deferred gains and losses relating to cash flow hedging derivatives", while the ineffective portion is recognized in the income statement under the "Net gains and losses on financial instruments at fair value through profit or loss" heading.

The amounts recognized in shareholders' equity are carried to the income statement under the "Interest income, interest expense and equivalent" heading, at the same rate as the cash flows of the hedged item affect the income statement. The hedged items remain recognized in accordance with the specific provisions for their accounting category.

If the hedging relationship is interrupted, or if the effectiveness criteria are not fulfilled, the hedge accounting ceases to be applied. Cumulative amounts recognized in shareholders' equity as a result of the remeasurement of a hedging derivative, remain recognized in equity until the hedged transaction affects earnings or when it becomes apparent that the transaction will not take place. These amounts are subsequently carried to the profit and loss account.

Reclassifications of debt instruments

Fixed income securities or debt instruments valued at fair value through profit or loss can be reclassified into the following categories:

i. "*Financial assets held-to-maturity*", only in rare cases, if management's intention has changed, and provided that they fulfill the eligibility conditions of this category;

ii. "*Loans and receivables*" in the event of a change in management's intention or ability to hold the securities in the foreseeable future or until maturity, and provided that they qualify for this category;

iii. "*Available-for-sale*" only in rare cases.

Fixed income securities or debt instruments available for sale may be reclassified into the following categories:

- a- "*Financial assets held to maturity*", in the event of a change in management's intention or ability, and provided that they fulfill the eligibility conditions of this category;
- b- "*Loans and receivables*", in case the Group has the intention and ability to hold the financial assets in the foreseeable future or until maturity, and provided that they qualify for this category.

In the event of a reclassification, the fair value of the financial asset at the date of reclassification becomes its new cost or amortized cost. No gain or loss recognized before the date of transfer can be derecognized.

In the event of a transfer of debt instruments with a fixed maturity from the category "*Financial assets available-for-sale*" to the "*Financial assets held-to-maturity*" or "*Loans and receivables*" categories, the unrealized gains and losses, previously deferred in equity are amortized over the remaining life of the asset. In case of a reclassification of debt instruments with no fixed maturity to the "*Loans and receivables*" category, the previously deferred unrealized gains and losses remain in equity until the disposal of the securities.

Note 1.3.5 Debt represented by a security

Debt evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for their issue value minus, usually, the transaction costs.

These debt securities are subsequently measured at amortized cost using the effective interest method.

Some "structured" debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts if the separation criteria are satisfied and they can be valued reliably.

The host contract is recognized at amortized cost at a later stage. Its fair value is determined based on quoted market prices or valuation models.

Note 1.3.6 Subordinated debt

Term or perpetual subordinated debt is separated from debt securities, because their redemption, should the debtor enter liquidation, is only possible after all the other creditors have been paid. Such debt is valued at amortized cost.

Note 1.3.7 Distinction between Debt and Shareholders' equity

According to the IFRIC 2 interpretation, shares owned by member-shareholders are equity if the entity has an unconditional right to refuse the redemption, or if there are legal or statutory provisions prohibiting or seriously restricting the redemption. In view of the existing legal or statutory provisions, the shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group, are recognized in equity.

The other financial instruments issued by the Group qualify as debt instruments for accounting purposes, where there is a contractual obligation for the Group to provide cash to the security holders. This is in particular the case for all the subordinated securities issued by the Group.

Note 1.3.8 Provisions

Additions to and reversals from provisions are classified according to the nature of the corresponding income and expense items. The provision is shown within liabilities on the statement of financial position.

A provision is recognized when it is likely that an outflow of resources embodying economic benefits will be required to settle an obligation arising from a past event, and a reliable estimate can be made of the amount of the obligation. The amount of this obligation is discounted, where appropriate, to determine the amount of the provision.

The provisions made by the Group cover in particular:

- Legal risk;
- Social commitments;
- Execution risk on off-statement of the financial position commitments;
- Litigation risk and guarantee commitments given;
- Tax risks;
- Risks related to home savings accounts and plans.

Note 1.3.9 Amounts due to customers and credit institutions

Debt includes fixed or determinable income financial liabilities. They are recognized at their market value when they are posted to the statement of financial position, and are subsequently valued at reporting date at amortized cost using the effective interest method, except for those that have been recognized under the fair value option.

◆ Regulated savings contracts

The "*comptes épargne logement*" (CEL – home savings accounts) and "*plans épargne logement*" (PEL - home savings plans) are products regulated by French law, which are available to customers (natural persons). These products combine a stage of interest-bearing savings, which give right to a preferential home loan in a second stage.

They generate two types of commitments for the distributing institution:

- A commitment to pay future interest on the amounts deposited as savings at a fixed rate for the PEL and variable-rate equivalent for the CEL (periodically revised on the basis of an indexation formula);
- A commitment to grant a loan to the customers who request it at predetermined conditions (both for the PEL and the CEL).

These commitments have been estimated on the basis of customer behavior statistics and market inputs. A provision has been made on the liabilities side of the statement of financial position to cover future charges related to the potentially unfavorable conditions of such products, compared to the interest rates offered to individual customers for similar products, but not regulated in terms of their interest rate. This approach results in the generation of homogeneous regulated terms for the PEL and the CEL. The impact on the income statement is recognized as "Interest paid to customers".

Note 1.3.10 Cash and cash equivalents

Cash and cash equivalents consolidate the cash accounts, deposits and demand loans and borrowings relating to central banks and credit institutions.

In the statement of cash flows, UCITS are classified as an "operational activity" and therefore do not need to be reclassified.

Note 1.3.11 Employee benefits

Employee benefits are recognized in accordance with IAS 19. Social obligations are subject, where relevant, to a provision reported under the line item "Provisions for risks and charges". A change in this item is recognized in the income statement under the "Employee expense" heading.

◆ Defined post-employment benefits

These benefits include retirement plans, early retirement pensions, and additional retirement plans, under which the Group has a formal or implicit liability to provide benefits promised to employees.

These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:

– The discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end

– The rate of wage increase, assessed according to the age group, the management/non-management category, and regional features

– The rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities

– Rates of employee turnover determined by age group on the basis of an average ratio over three years of the number of resignations and dismissals over the total number of employees working in the company under non-fixed term contracts at the financial year-end

– The age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67.

– The mortality according to INSEE (*the French National Institute for Statistics and Economic Studies*) TF 00-02 table.

The differences arising from changes in these assumptions and from the differences between previous assumptions and actual results represent actuarial variances. If the retirement plan has assets, these are valued at their fair value, and affect the income statement for the expected yield. The difference between the real and expected yield is also an actuarial variance.

The Group has opted for the immediate recognition of actuarial gains and losses in the income statement for the year, in the form of provisions not spread over the remaining working life of the employees. Any reductions in terms or liquidation of the plan generate changes in the obligation, which are recognized in income for the year.

Supplementary benefits provided by pension funds

The AFB stepping stone agreement of September 13, 1993 modified the pension plans of credit institutions. Since January 1, 1994, all banks are members of the French pension plans of Arrco and Agirc. The four pension funds of which the Group's banks are members have been merged. They provide for the payment of the various charges required by stepping stone agreement, drawing on their reserves completed if necessary by additional annual contributions paid in by the member banks concerned and whose average rate over the next ten years is capped at 4% of the payroll expense. After the merger, the pension fund was transformed into an IGRS (public institution to manage additional retirement benefits) in 2009. It has no asset shortfall.

Other post-employment defined benefits

A provision is recognized for long service awards and supplementary retirement benefits, including special plans. They are valued on the basis of entitlements acquired by all the staff in active service, notably on the basis of staff turnover in the consolidated entities and the estimated future salaries and wages to be paid to the beneficiaries at the time of their retirement, increased where appropriate by social security contributions. The long service awards of the Group's banks in France are covered up to at least 60% by an insurance contract taken out with ACM Vie, an insurance company of the Crédit Mutuel Group, which is fully consolidated.

◆ Defined contribution post-employment benefits

The Group's entities contribute to a number of pension plans managed by organizations that are independent from the Group, for which the entities have no additional formal or implicit payment obligation, in particular if the assets in the pension plans are not sufficient to meet liabilities.

As these plans do not represent obligations of the Group, they are not subject to a provision. The related expenses are recognized in the financial year in which the contributions must be paid.

◆ Long-term benefits

These are benefits to be paid, other than post-employment benefits and termination benefits, which fall due wholly more than 12 months after the end of the period during which the employee rendered the related service, for example work medals, time savings accounts, etc.

The Group's obligation in respect of other long-term benefits is quantified using the projected unit credit method. However, actuarial gains and losses are recognized immediately in the income statement for the accounting period, as the "corridor" method is not allowed.

Obligations in respect of work medals are sometimes covered by insurance policies. A provision is established only the uncovered part of these obligations.

◆ Employee supplementary retirement plans

Employees of the Crédit Mutuel CM10 and CIC Groups benefit from, as a complement to the mandatory retirement plans, a supplementary retirement plan offered by ACM Life SA.

Employees of the CM10 Group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire.

The total amount of the obligation was €719 million as of December 31, 2011, covered by technical reserves of €692 million and €39 million worth of mathematical reserves for defined benefits plans recognized on the liabilities side of the ACM VIE SA statement of financial position. These figures represent all the beneficiaries.

In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The obligation relating to this plan amounted to €287 million as of December 31, 2011, covered by €302 million worth of special technical provisions recognized on the liabilities side of the ACM Vie statement of financial position, including all beneficiaries.

◆ Termination benefits

These benefits are granted by the Group on termination of the contract before the normal retirement date, or following the employee's decision to accept voluntary termination in exchange for an indemnity. The related provisions are updated if their payment is to occur more than 12 months after the reporting date.

◆ Short-term benefits

These are benefits payable within the twelve months following the end of the financial year, other than termination benefits, such as salaries and wages, social security contributions and a number of bonuses.

An expense is recognized relating to these short-term benefits for the financial year during which the service rendered to the Company has given rise to such entitlement.

Note 1.3.12 Insurance

The accounting principles and valuation rules of the assets and liabilities generated by the issuance of insurance policies have been drawn up in accordance with IFRS 4. This also applies to reinsurances policies, whether issued or subscribed, and to financial contracts including a discretionary profit-sharing clause.

The other assets held and liabilities issued by insurance companies follow the rules common to all of the Group's assets and liabilities.

◆ Assets

Financial assets, investment properties and fixed assets follow the accounting methods described elsewhere. However, financial assets representing technical provisions related to unit-linked contracts are shown under the line item "Financial assets at fair value through profit or loss".

◆ Liabilities

Insurance liabilities, which represent liabilities to policyholders and beneficiaries, are shown under the line item "Technical reserves of insurance policies". They are measured, accounted for and consolidated as under the French standards.

Technical reserves of life insurance policies consist mainly of mathematical reserves, which generally correspond to the surrender value of the policies. The risks covered mainly include death, disability and incapacity for work (for borrower's insurance).

Technical reserves of unit-linked contracts are measured, on the reporting date, based on the realizable value of the assets underlying these contracts.

Reserves of non-life insurance policies correspond to unearned premiums (portions of premiums issued related subsequent years) and claims payable.

Insurance policies that have a discretionary profit-sharing clause are subject to "shadow accounting". The resulting provision for deferred profit-sharing represents the share of capital gains and losses accruing to policyholders. These provisions for deferred profit-sharing are recognized on the assets or liabilities side, by legal entity and without compensation between entities in the scope of consolidation. On the assets side, these are recorded under a separate heading.

On the reporting date, the liabilities carried for these policies (net of other related asset or liability items such as deferred acquisition expenses and the value of the portfolios acquired) are tested to check that they are sufficient to cover the future cash flows estimated at this date. Any shortfall in technical provisions is recognized in income for the period (and may be reversed at a later stage).

◆ Income statement

Income and expenses recognized for the insurance policies issued by the Group are shown under the "Income from other activities" and "Expenses on other activities" line items.

Income and expenses pertaining to the proprietary trading activities of the insurance entities are recognized under the line items related to them.

Note 1.3.13 Property and equipment and intangible assets

Property and equipment and intangible assets shown in the statement of financial position comprise assets used in operations and investment property. Assets used in operations are those used in the provision of services or for administrative purposes. Investment property comprises assets held to earn rentals or for capital appreciation, or both. Investment property is accounted for at cost, in the same way as assets used in operations.

Property and equipment and intangible assets are recognized at acquisition cost plus any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Borrowing costs incurred in the construction or adaptation of property assets are not capitalized.

Subsequent to initial recognition, property and equipment are measured using the historical cost method, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.

Where an asset consists of a number of components that may require replacement at regular intervals, or that have different uses or different patterns of consumption of economic benefits, each component is recognized separately and depreciated using a depreciation method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property.

The depreciable amount is cost less residual value, net of costs to sell. Property and equipment and intangible assets are presumed not to have a residual value as their useful lives are generally the same as their economic lives.

Depreciation and amortization is calculated over the estimated useful life of the assets, based on the manner in which the economic benefits embodied in the assets are expected to be consumed by the entity. Intangible assets that have an indefinite useful life are not amortized.

Depreciation and amortization of assets used in operations is recognized in "Allowance / write-back of amortization and provisions for fixed operating assets" in the income statement.

Depreciation and amortization relating to investment properties is recognized in "Expenses of the other activities" in the income statement.

The depreciation and amortization periods are:

Property and equipment:

– Land, fixtures, utility services:	15-30 years
– Buildings – structural work: (depending on the type of building in question)	20-80 years
– Construction – equipment:	10-40 years
– Fixtures and installations:	5-15 years
– Office equipment and furniture:	5-10 years
– Safety equipment:	3-10 years
– Rolling stock:	3-5 years
– Computer equipment:	3-5 years

Intangible fixed assets:

– Software bought or developed in-house:	1-10 years
– Businesses acquired: (if acquisition of customer contract portfolio)	9-10 years

Depreciable and amortizable assets are tested for impairment when there is evidence exists at the end of the reporting period that the items may be impaired. Non-depreciable and non-amortizable non-current assets (such as leasehold rights) are tested for impairment at least annually.

If there is an indication of impairment, the recoverable amount of the asset is compared with its carrying amount. If the asset is found to be impaired, an impairment loss is recognized in income, and the depreciable amount is adjusted prospectively. This loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. The carrying amount after reversal of the impairment loss cannot exceed the carrying amount which would have been calculated if no impairment had been recognized.

Impairment losses relating to operating assets are recognized in the income statement in "Depreciation, amortization and impairment of property, plant and equipment and intangible assets".

Impairment losses relating to investment properties are recognized in "Expenses on other activities" (for additional impairment losses) and "Income from other activities" (for reversals) in the income statement.

Gains and losses on disposals of non-current assets used in operations are recognized in the income statement in "Net gain/ (loss) on disposals of other assets".

Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

Note 1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

◆ Deferred taxes

In accordance with IAS 12, deferred taxes are recognized for temporary differences between the carrying amount of assets and liabilities and their tax basis, except for goodwill.

Deferred taxes are calculated using the liability method, based on the latest enacted tax rate applicable to future periods.

Net deferred tax assets are recognized only in cases where their recovery is considered highly probable. Current and deferred taxes are recognized as tax income or expense, except deferred taxes relating to unrealized or deferred gains and losses recognized in equity, for which the deferred tax is taken directly to equity.

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset.

They are not discounted.

Note 1.3.15 Interest paid by the French Government on some loans

Within the framework of aid to the rural and agricultural sector, as well as the purchase of residential property, some Group entities provide loans at low interest rates, set by the Government. Consequently, these entities receive from the government a contribution equal to the rate differential between the interest rate offered to customers and the predefined benchmark rate. Therefore, no discount is recognized in respect of the loans benefiting from these subsidies.

The structure of the offset mechanism is reviewed by the government on a periodic basis.

The contribution received from the government is recorded in the "Interest and similar income" line and spread over the life of the corresponding loans, pursuant to IAS 20.

Note 1.3.16 Financial guarantees and financing commitments given

Financial guarantees are treated like an insurance policy when they provide for specified payments to be made to reimburse the holder for a loss incurred because a specified debtor fails to make payment on a debt instrument on the due date.

In accordance with IFRS 4, these financial guarantees are still measured using French GAAP (i.e. as off-balance sheet items), pending an addition to the standards to enhance the current mechanism. Consequently, these guarantees are subject to a provision in liabilities in the event of a likely outflow of resources.

By contrast, financial guarantees that provide for payments in response to changes in a financial variable (price, credit rating or index, etc.) or a non-financial variable, provided that in this event the variable is not specific to one of the parties to the agreement, fall within the scope of application of IAS 39. These guarantees are thus treated as derivatives.

Financing commitments that are not regarded as derivatives within the meaning of IAS 39 are not shown in the statement of financial position. However, a provision is made in accordance with IAS 37.

Note 1.3.17 Foreign exchange transactions

Assets and liabilities denominated in a currency other than the local currency are translated at the year-end exchange rate.

◆ Monetary financial assets and liabilities

Foreign currency gains and losses on the translation of such items are recognized in the income statement under "Net gain/ (loss) on financial instruments at fair value through profit or loss".

◆ **Non-monetary financial assets and liabilities**

Foreign currency gains and losses on the translation of such items are recognized in the income statement if the items are classified at fair value through profit or loss under "Net gain/ (loss) on financial instruments at fair value through profit or loss", or under "Unrealized or deferred gains and losses" if they are classified as available-for-sale.

When consolidated investments denominated in a foreign currency are financed by a loan taken out in the same currency, the loan concerned is covered by a cash flow hedge.

Differences arising from the retranslation at the year-end rate of the opening capital stock, reserves and retained earnings are recorded as a separate component of shareholders' equity, under "Cumulative translation adjustment". The income statements of foreign subsidiaries are translated into euro at the average exchange rate for the year, and the resulting translation differences are recorded under "Cumulative translation adjustment". On liquidation or disposal of some or all of the interests held in a foreign entity, the corresponding portion of this cumulative translation adjustment is recognized through the income statement.

Note 1.3.18 Non-current assets held for sale and discontinued operations

A non-current asset (or group of assets) is classified in this category if it is held for sale and it is highly probable that the sale will occur within 12 months of the end of the reporting period.

The related assets and liabilities are shown separately in the statement of financial position, on the lines "Non-current assets held for sale" and "Liabilities associated with non-current assets held for sale". Items in this category are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated/ amortized.

When assets held for sale or the associated liabilities become impaired, an impairment loss is recognized in the income statement.

Discontinued operations include operations that are held for sale or which have been shut down, and subsidiaries acquired exclusively with a view to resale. All gains and losses related to discontinued operations are shown separately in the income statement, on the line "Post-tax gain/ (loss) on discontinued operations and assets held for sale".

Note 1.3.19 Judgments made and estimates used in the preparation of the financial statements

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements.

This requires managers to draw upon their judgment and experience and make use of the information available at the date of preparation of the financial statements when making the necessary estimates. This applies in particular to:

– the impairment of debt and equity instruments,

– the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in "Available-for-sale financial assets", "Financial assets at fair value through profit or loss" or "Financial liabilities at fair value through profit or loss";

– the assessment of the active nature of certain markets;

– calculation of the fair value of financial instruments that are not listed on an active market and are classified in "Loans and receivables" or "Held-to-maturity financial assets" for which this information must be provided in the notes to the financial statements;

– impairment tests performed on intangible fixed assets,

– measurement of provisions, including retirement obligations and other employee benefits.

Notes to the consolidated financial statements (The notes to the financial statements are presented in millions of euros.)

Note 2 Analysis of statement of financial position and income statement items by activity and geographic region.

The Group's activities are as follows:

• Retail banking brings together the network of CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banque Marocaine du Commerce Exterieur and all special ist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.

• The Insurance business line comprises the Assurances du Crédit Mutuel Group

• Financing and capital markets covers:

a) financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;

b) capital markets activities in general, spanning customer and own account transactions involving interest rates instruments, foreign exchange and equities, including brokerage services.

• Private banking encompasses all companies specializing in this area, both in France and internationally.

• Private equity, conducted for the Group's own account, and financial engineering make up a business unit.

• Logistics and holding company services include all activities that can not be attributed to another business line (holding) and units that provide solely logistical support: intermediate holding companies, as well as specific entities and IT entities holding real estate used for operations.

Each consolidated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the BIGM Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position balances are subject to an analytical distribution.

Note 2a Breakdown of the statement of financial position items by business line

December 31, 2011	Retail banking	Insurance
Assets		
Cash, central banks, post office banks – Assets	1,376	0
Financial assets at fair value through profit or loss	128	11,158
Hedging derivative instruments – Assets	346	0
Available-for-sale financial assets	666	37,680
Loans and receivables due from credit institutions	3,398	12
Loans and receivables due from customers	141,522	217
Held-to-maturity financial assets	64	8,531
Equity-accounted investments	594	398
Liabilities		
Cash, central banks, post office banks – Liabilities	0	0
Financial liabilities at fair value through profit or loss	80	1,858
Hedging derivative instruments – Liabilities	330	0
Due to credit institutions	5,829	0
Due to customers	96,391	81
Debt securities	32,660	0

December 31, 2010	Retail banking	Insurance
Assets		
Cash, central banks, post office banks – Assets	1,100	0
Financial assets at fair value through profit or loss	188	10,993
Hedging derivative instruments – Assets	- 18	0
Available-for-sale financial assets	721	38,884
Loans and receivables due from credit institutions	2,621	14
Loans and receivables due from customers	136,459	228
Held-to-maturity financial assets	68	7,928
Equity-accounted investments	508	325
Liabilities		
Cash, central banks, post office banks – Liabilities	0	0
Financial liabilities at fair value through profit or loss	67	1,804
Hedging derivative instruments – Liabilities	395	0
Due to credit institutions	17,894	0
Due to customers	83,473	56
Debt securities	21,601	0

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
1,490	985	0	1,579	5,430
23,380	150	1,804	255	36,875
290	4	0	459	1,099
21,650	3,755	8	614	64,374
59,658	2,946	9	32	66,055
16,441	7,124	0	53	165,358
362	6	0	5,413	14,377
(0)	1	0	705	1,697
0	282	0	0	282
28,858	133	0	0	30,928
2,656	461	0	- 473	2,974
43,286	0	0	0	49,114
6,176	14,609	0	8,889	126,146
53,965	36	0	13	86,673

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
3,978	449	0	1,016	6,543
26,877	113	1,653	295	40,120
- 201	8	0	346	134
22,614	4,816	3	1,004	68,041
58,252	4,437	6	86	65,415
16,641	5,629	0	585	159,542
339	7	0	585	8,926
	1	0	755	1,589
0	44	0	0	44
32,161	162	0	0	34,194
1,577	423	0	63	2,457
19,955	344	0	0	38,193
6,826	13,621	0	12,349	116,325
70,280	32	0	2,733	94,646

Note 2b Breakdown of the income statement items by business line

2011

	Retail banking	Insurance	Financing and capital markets
Net banking income	6,215	875	885
General operating expenses	- 3,679	- 332	- 256
Gross operating income	**2,535**	**544**	**630**
Net additions to/reversals from provisions for loan losses	- 781	- 41	- 149
Net gain (loss) on disposal of other assets	31	85	0
Net income before tax	**1,785**	**587**	**481**
Corporate income tax	- 594	- 173	- 180
Net income	**1,192**	**414**	**301**
Non-controlling interests			
Net income attributable to the Group			

2010

	Retail banking	Insurance	Financing and capital markets
Net banking income	6,293	1,114	1,074
General operating expenses	- 3,691	- 347	- 262
Gross operating income	**2,602**	**767**	**812**
Net additions to/reversals from provisions for loan losses	- 1,076		- 32
Net gain (loss) on disposal of other assets	24	- 3	
Net income before tax	**1,550**	**764**	**780**
Corporate income tax	- 522	- 169	- 190
Net income	**1,028**	**595**	**590**
Non-controlling interests			
Net income attributable to the Group			

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
432	93	- 692	- 55	7,753
- 317	- 34	- 374	55	- 4,935
115	59	- 1,065		2,818
- 43	0	- 322		- 1,336
13	0	- 21		108
86	59	- 1,408	0	1,590
- 18	- 2	426		- 541
68	57	- 983	0	1,050
				233
				817

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
404	191	- 536	- 59	8,481
- 320	- 35	- 314	59	- 4,910
84	155	- 851		3,569
- 15		- 92		- 1,215
1		- 24		- 2
71	155	- 966		2,354
- 8	- 3	289		- 603
62	153	- 677		1,751
				346
				1,405

Note 2c Breakdown of the statement of financial position items by geographic region

	December 31, 2011		
	France	Europe excluding France	Rest of the world *
Assets			
Cash, central banks, post office banks – Assets	1,889	2,050	1,490
Financial assets at fair value through profit or loss	34,961	929	985
Hedging derivative instruments – Assets	1,091	6	2
Available-for-sale financial assets	58,624	4,931	818
Loans and receivables due from credit institutions	60,532	3,387	2,136
Loans and advances due from customers	140,063	21,966	3,329
Held-to-maturity financial assets	14,371	6	0
Equity-accounted investments	842	299	557
Liabilities			
Cash, central banks, post office banks – Liabilities	0	282	0
Financial assets at fair value through profit or loss	30,345	353	230
Hedging derivative instruments – Liabilities	2,466	466	43
Due to credit institutions	32,260	9,748	7,106
Due to customers	102,488	23,029	629
Debt securities	85,722	464	488

* USA, Singapore, Tunisia and Morocco.

Note 2d Breakdown of the income statement items by geographic region

	2011		
	France	Europe excluding France	Rest of the world *
Net banking income **	5,643	1,861	249
General operating expenses	- 3,600	- 1,267	- 68
Gross operating income	**2,044**	**593**	**181**
Net additions to/reversals from provisions for loan losses	- 904	- 429	- 3
Net gain (loss) on disposal of other assets ***	59	3	46
Net income before tax	**1,199**	**168**	**224**
Net income	786	116	148
Net income attributable to the Group	**610**	**70**	**136**

* USA, Singapore, Tunisia and Morocco.
** In 2011, 22% of the Net banking income (excluding Logistics and holding business line) came from foreign operations.
*** Including net income of associates and impairment losses on goodwill

	December 31, 2010			
Total	France	Europe excluding France	Rest of the world *	Total
5,430	1,400	1,166	3,977	6,543
36,875	37,453	1,080	1,586	40,120
1,099	122	10	1	134
64,374	60,611	6,189	1,241	68,041
66,055	57,632	4,841	2,942	65,415
165,358	135,087	21,371	3,084	159,542
14,377	8,920	6	0	8,926
1,697	952	169	468	1,589
282	0	44	0	44
30,928	32,486	1,518	190	34,194
2,974	2,007	426	23	2,457
49,114	20,979	13,446	3,768	38,192
126,146	92,862	22,539	924	116,325
86,673	76,856	9,985	7,805	94,646

	2010			
Total	France	Europe excluding France	Rest of the world *	Total
7,753	6,126	2,011	343	8,481
- 4,935	- 3,507	- 1,330	- 74	- 4,911
2,818	**2,619**	**681**	**269**	**3,570**
- 1,336	- 432	- 602	- 180	- 1,214
108	- 23	- 12	33	- 2
1,590	**2,164**	**68**	**122**	**2,355**
1,050	1,558	71	121	1,751
817	**1,275**	**20**	**110**	**1,405**

Note 3 Scope of consolidation

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method*	% Control	% Interest	Method*
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	96	96	FC	96	96	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
CIC Banque Nord Ouest	100	93	FC	100	93	FC
CIC Est	100	93	FC	100	93	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	93	FC
CIC Ouest	100	93	FC	100	93	FC
CIC Sud Ouest	100	93	FC	100	93	FC
Crédit Industriel et Commercial (CIC)	93	93	FC	93	93	FC
Targobank AG & Co. KGa A	100	100	FC	100	100	FC
Targobank Spain (former Banco Popular Hipotecario)	50	50	PC	50	50	PC
B. Banking network subsidaries						
Banca Popolare di Milano	7	6	EM	5	4	EM
Banque Casino	50	50	PC			NC
Banque de Tunisie	20	20	EM	20	20	EM
Banque Marocaine du Commerce Exterieur (BMCE)	25	25	EM	25	25	NC
C2C	100	43	FC	100	34	FC
CM-CIC Asset Management	74	73	FC	74	72	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Gestion	100	93	FC	100	93	FC
CM-CIC Home Loan SFH	100	100	FC	100	100	FC
CM-CIC Laviolette Financement	100	88	FC	100	93	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentina	66	28	FC	66	23	FC
Cofidis Belgium	100	43	FC	100	34	FC
Cofidis Spain			MER	100	34	FC
Cofidis France	100	43	FC	100	34	FC
Cofidis Italy	100	43	FC	100	34	FC
Cofidis Czech Republic	100	43	FC	100	34	FC
Cofidis Romania			NC	100	34	FC
Cofidis Slovakia	100	43	FC	100	34	FC
Creatis	100	43	FC	100	34	FC
Factocic	96	88	FC	85	79	FC
FCT CM-CIC Home Loans	100	100	FC	100	100	FC
Monabanq	100	43	FC	100	34	FC
Saint-Pierre SNC	100	93	FC	100	93	FC
SCI La Tréflière	46	46	EM	46	46	EM
SOFEMO – Société Fédérative Europ. de Monétique et de Financement	100	98	FC	100	98	FC
Sofim	100	93	FC	100	93	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	92	FC
Diversified Debt Securities	100	95	FC	100	95	NC

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
Divhold	100	95	FC	100	95	NC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	93	FC
Banque Transatlantique	100	93	FC	100	93	FC
Banque Transatlantique Belgium	100	92	FC	100	91	FC
Banque Transatlantique Luxembourg	90	86	FC	90	86	FC
Banque Transatlantique Singapore	100	93	FC	100	93	NC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking – Banque Pasche	100	93	FC	100	93	FC
CIC Switzerland	100	93	FC	100	93	FC
Dubly-Douilhet	63	58	FC	63	58	FC
GPK Finance			MER	100	93	FC
LRM Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	93	FC
Pasche Finance SA Fribourg	100	93	FC	100	93	FC
Pasche Fund Management Ltd	100	93	FC	100	93	FC
Pasche International Holding Ltd	100	93	FC	100	93	FC
Pasche SA Montevideo	100	93	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	50	46	FC	52	48	FC
Serficom Family Office Inc	100	93	FC	100	93	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	52	48	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	92	FC
Serficom Investment Consulting (Shanghaï)	100	93	FC	100	93	FC
Serficom Maroc SARL	100	93	FC	100	93	FC
Transatlantique Gestion	100	93	FC	100	93	FC
Valeroso Management Ltd	100	93	FC	100	93	FC
E. Private equity						
CM-CIC Investissement (formerly Banque de Vizille)	100	92	FC	98	90	FC
CM-CIC Capital Finance (formerly CIC Finance)	100	93	FC	100	93	FC
CIC Investissement	100	93	FC	100	93	FC
CIC Vizille Participations			NC	100	90	FC
Financière Voltaire			MER	100	93	FC
Institut de Participations de l'Ouest (IPO)			MER	100	93	FC
IPO Ingénierie			MER	100	93	FC
Sudinnova	66	61	FC	63	57	FC
CM-CIC Conseil (formerly Vizille Capital Finance)	100	93	FC	100	90	FC
CM-CIC Capital Innovation (formerly Vizille Capital Innovation)	100	92	FC	100	90	FC
F. Logistics and holding compagny						
Adepi	100	93	FC	100	93	FC
Carmen Holding Investissement	84	84	FC	67	67	FC
CIC Migrations	100	93	FC	100	93	FC
CIC Participations	100	93	FC	100	93	FC
Cicor	100	93	FC	100	93	FC
Cicoval	100	93	FC	100	93	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de paiement	45	46	EM	45	46	EM

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
Cofidis Participations	51	43	FC	51	34	FC
Efsa	100	93	FC	100	93	FC
Est Bourgogne Rhône-Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
France Est	100	98	FC			NC
Gesteurop	100	93	FC	100	93	FC
Gestunion 2	100	93	FC	100	93	FC
Gestunion 3	100	93	FC	100	93	FC
Gestunion 4	100	93	FC	100	93	FC
Groupe *Républicain Lorrain Communication* (GRLC)	100	100	FC	100	100	NC
Impex Finance	100	93	FC	100	93	FC
L'Est Républicain	92	91	FC			NC
Marsovalor	100	93	FC	100	93	FC
Pargestion 2	100	93	FC	100	93	FC
Pargestion 4	100	93	FC	100	93	FC
Placinvest	100	92	FC	100	92	FC
Société Civile de Gestion des Parts dans *l'Alsace*	50	50	FC	50	50	FC
Société Française d'Édition de Journaux et d'Imprimés Commerciaux (SFEJIC)	99	97	FC	100	97	FC
Sofiholding 2	100	93	FC	100	93	FC
Sofiholding 3	100	93	FC	100	93	FC
Sofiholding 4	100	93	FC	100	93	FC
Sofinaction	100	93	FC	100	93	FC
Targo Akademie GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	93	FC
Ugépar Service	100	93	FC	100	93	FC
Valimar 2	100	93	FC	100	93	FC
Valimar 4	100	93	FC	100	93	FC
VTP 1	100	93	FC	100	92	FC
VTP 5	100	93	FC	100	93	FC
G. Insurance companies						
ACM IARD	96	69	FC	96	69	FC
AGM GIE	100	72	FC	100	72	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Services	100	72	FC	100	72	FC
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Atlancourtage	100	72	FC			NC
Euro Protection Services			NC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
ICM Ré			NC	100	69	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	22	14	EM
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
Voy Mediacion	100	63	FC			NC

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
H. Other companies						
A. TELE	69	49	FC			NC
Affiches d'Alsace Lorraine	100	89	FC			NC
Agence Générale d'Informations Régionales	100	97	FC	49	49	EM
Alsace Média Participation	100	89	FC			NC
Alsacienne de Portage des DNA	100	89	FC			NC
Alsatic	80	71	FC			NC
Cime & Mag	100	97	FC	100	97	NC
CM-CIC Immobilier	100	100	FC			NC
Distripub	100	97	FC	100	97	NC
Darcy presse			NC	100	100	FC
Documents AP	100	100	FC	100	100	FC
Est Bourgogne Médias	100	100	FC			NC
Est imprimerie	100	97	FC	100	97	FC
Europe Régie	66	64	FC	66	64	FC
Foncière Massena	78	56	FC	78	56	FC
France Régie	100	89	FC			NC
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries – GRLI	100	100	FC	100	100	FC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC	100	100	FC
Interprint	100	100	FC	100	100	FC
Jean Bozzi Communication	100	100	FC	100	100	FC
Journal de la Haute Marne	50	46	EM			NC
La Liberte de l'Est	96	92	FC	49	49	EM
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC	100	97	NC
L'Alsace Magazines Editions – L'Ame	100	97	FC	100	97	NC
Le Bien Public			MER	100	100	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	100	89	FC			NC
Les Dernières Nouvelles de Colmar	100	89	FC			NC
Les Editions de l'Echiquier	100	97	FC	100	97	FC
Les Journaux de Saône-et-Loire			MER	100	100	FC
Lumedia	50	50	PC	50	50	PC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC	100	97	FC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publicité Moderne	100	91	FC			NC
Publiprint Dauphiné	100	100	FC	100	100	FC
Publiprint Province n° 1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC	100	100	FC
Républicain Lorrain – TV News	100	100	FC	100	100	FC
Républicain Lorrain Voyages	100	100	FC	100	100	FC
Roto Offset	100	97	FC	100	97	FC
SCI ADS	100	71	FC	100	71	FC
SCI Alsace	90	87	FC	90	87	FC
SCI Ecriture	100	97	FC	100	97	FC
SCI Gutenberg	100	100	FC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	100	100	FC

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
SCI Roseau d'Or	100	97	FC	100	97	FC
SDV Plurimédia	20	19	EM			FC
Société Alsacienne de Presse et d'Audiovisuelle	60	53	FC			NC
Société de Presse Investissement	100	91	FC			NC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura	100	100	FC			NC
Société d'édition des hebdomadaires et périodiques locaux	100	100	FC	100	100	FC
Sofiliest	100	96	FC	49	49	EM
Top Est 88	100	46	FC			NC

* Method:
FC = Full consolidation.
EM = Equity method.
PC = Proportionate consolidation.
NC = Not consolidated.
MER = Merged.

Note 4 Cash, Central banks

Note 4a Loans and receivables due from credit institutions

	December 31, 2011	December 31, 2010
Cash, and amounts due from Central banks		
Due from Central banks *– including reserve requirements*	4,920 *1,364*	6,001 *1,255*
Cash	510	542
Total	**5,430**	**6,543**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	3,114	2,401
Other current accounts	1,974	5,156
Loans	54,280	49,532
Other receivables	532	688
Securities not listed in an active market	3,672	4,681
Repurchase agreements	1,141	1,742
Individually impaired receivables	1,099	1,267
Accrued interest	553	297
Impairment provisions	- 310	- 350
Total	**66,055**	**65,415**

1. Mainly outstanding repayments – CDC (Caisse des Dépôts et Consignations) relating to LEP, LDD and Livret Bleu passbook savings accounts.

Note 4b Amounts due to credit institutions

	December 31, 2011	December 31, 2010
Due to central banks	**282**	**44**
Due to credit institutions		
Other current accounts	16,400	15,841
Borrowings	27,463	17,862
Other	2,597	369
Repurchase agreements	2,573	4,052
Accrued interest	81	69
Total	**49,397**	**38,237**

Note 5 Financial assets and liabilities at fair value through profit or loss

Note 5a Financial assets at fair value through profit or loss

	December 31, 2011			December 31, 2010		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	13,860	13,381	27,241	15,931	13,128	29,059
– Government securities	1,409	24	1,433	2,766	30	2,796
– Bonds and other fixed-income securities	11,977	2,875	14,852	11,994	3,446	15,440
Listed	*11,977*	*2,786*	*14,763*	*11,994*	*3,399*	*15,393*
Unlisted	*0*	*88*	*88*	*0*	*48*	*48*
– Equities and other variable-income securities	473	10,483	10,956	1,171	9,652	10,823
Listed	*473*	*8,774*	*9,247*	*1,171*	*8,095*	*9,266*
Unlisted	*0*	*1,709*	*1,709*	*0*	*1,557*	*1,557*
Trading derivative instruments	2,534	0	2,534	2,612	0	2,612
Other financial assets		7,100	7,100		8,448	8,448
– *including resale agreements*		*7,096*	*7,096*		*8,448*	*8,448*
Total	**16,394**	**20,481**	**36,875**	**18,543**	**21,577**	**40,120**

Note 5b Financial liabilities at fair value through profit or loss

	December 31, 2011	December 31, 2010
Financial liabilities held for trading	6,676	7,305
Financial liabilities at fair value by option through profit or loss	24,252	26,889
Total	**30,928**	**34,194**

Own credit risk is insignificant.

◆ Financial liabilities held for trading

	December 31, 2011	December 31, 2010
Short selling of securities	1,087	1,864
– Government securities	*0*	*1*
– Bonds and other fixed-income securities	*641*	*1,315*
– Equities and other variable-income securities	*447*	*548*
Trading derivative instruments	4,786	4,680
Other financial liabilities held for trading	802	760
Total	**6,676**	**7,305**

◆ Financial liabilities designated under the fair value option through profit or loss

	December 31, 2011			December 31, 2010		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	60	60	0	473	472	1
Interbank liabilities	23,577	23,564	13	25,265	25,259	6
Due to customers	615	615	0	1,151	1,151	0
Total	**24,252**	**24,239**	**13**	**26,889**	**26,882**	**7**

Note 5c Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	61,516	1,406	1,452	64,374
– Government and similar securities – AFS	*15,031*	*311*	*0*	*15,342*
– Bonds and other fixed-income securities – AFS	*40,970*	*1,064*	*567*	*42,601*
– Equities and other variable-income securities – AFS	*4,276*	*0*	*150*	*4,426*
– Investments in non-consolidated companies and other LT investments – AFS	*1,234*	*9*	*465*	*1,708*
– Investments in associates – AFS	*5*	*22*	*270*	*297*
Held for trading / Fair value by option (FVO)	21,527	12,246	2,756	36,875
– Government and similar securities – Held for trading	*1,094*	*315*	*0*	*1,409*
– Government and similar securities – FVO	*24*	*0*	*0*	*24*
– Bonds and other fixed-income securities – Held for trading	*8,985*	*2,075*	*917*	*11,977*
– Bonds and other fixed-income securities – FVO	*2,464*	*407*	*4*	*2,875*
– Equities and other variable-income securities – Held for trading	*459*	*0*	*14*	*473*
– Equities and other variable-income securities – FVO	*8,466*	*346*	*1,671*	*10,483*
– Loans and receivables due from credit institutions – FVO	*0*	*2,792*	*0*	*2,792*
– Loans and receivables due from customers – FVO	*0*	*4,308*	*0*	*4,308*
– Derivative instruments and other financial assets – Held for trading	*35*	*2,349*	*150*	*2,534*
Hedging derivative instruments	0	1,094	5	1,099
Total	**83,043**	**15,092**	**4,213**	**102,348**
Financial liabilities				
Held for trading / Fair value by option (FVO)	1,929	28,942	57	30,928
– Due to credit institutions – FVO	*0*	*23,577*	*0*	*23,577*
– Due to customers – FVO	*0*	*615*	*0*	*615*
– Debt securities – FVO	*0*	*60*	*0*	*60*
– Subordinated debt – FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities – Held for trading	*1,929*	*4,690*	*57*	*6,676*
Hedging derivative instruments	0	2,940	34	2,974
Total	**1,929**	**31,882**	**91**	**33,902**

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS 7:

– Level 1 instruments: valued using stock market prices. In the case of capital market activities, these include debt securities with prices quoted by at least four contributors and derivative instruments quoted on a regulated market.

– Level 2 instruments: measured using valuation techniques based primarily on observable inputs. In the case of capital market activities, these comprise debt securities with prices quoted by two to three contributors and derivative instruments traded over the counter, which are not included in level 3.

– Level 3 instruments: measured using valuation techniques based primarily on unobservable inputs. These involve unquoted equities, and, in the case of capital markets activities, debt securities quoted by a single contributor and derivative instruments valued using primarily unobservable parameters.

Outstanding amounts relating to Greek sovereign debt and designated as level 1 as of December 31, 2010 were transferred to level 2 as of December 31, 2011, as a result of revising the market value of a liquidity factor used for valuation.

Level 3 details

	Opening bal.	Purchases	Sales	Gains and losses recognized in profit	Other transactions	Closing bal.
Equities and other variable-income securities – FVO	1,569	429	- 383	40	16	1,671

Note 6 Hedging

Note 6a Hedging derivative instruments

	December 31, 2011		December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Cash Flow Hedges	5	44	4	45
Fair value hedges (change in value recognized through profit or loss)	1,094	2,930	130	2,412
Total	**1,099**	**2,974**	**134**	**2,457**

Note 6b Remeasurement adjustment on interest-rate risk hedged investments

	Fair value December 31, 2011	Fair value December 31, 2010	Change in fair value
Fair value of interest-rate risk by investment category			
Financial assets	738	580	158
Financial liabilities	- 1,664	- 1,331	- 333

Note 6c Analysis of derivative instruments

	December 31, 2011			December 31, 2010		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– Swaps	*365,377*	*1,540*	*3,987*	*381,936*	*1,724*	*3,650*
– Other forward contracts	*8,394*	*4*	*1*	*10,704*	*4*	*0*
– Options and conditional transactions	*32,490*	*116*	*121*	*48,423*	*213*	*258*
Foreign exchange derivative instruments						
– Swaps	*84,374*	*41*	*77*	*114,540*	*39*	*85*
– Other forward contracts	*17,422*	*172*	*116*	*15,737*	*121*	*101*
– Options and conditional transactions	*17,493*	*195*	*195*	*15,865*	*169*	*169*
Derivative instruments other than interest-rate and foreign exchange						
– Swaps	*16,567*	*372*	*242*	*22,289*	*286*	*347*
– Other forward contracts	*1,951*	*0*	*0*	*3,598*	*0*	*0*
– Options and conditional transactions	*788*	*95*	*48*	*1,624*	*56*	*70*
Sub-total	**544,856**	**2,534**	**4,786**	**614,714**	**2,612**	**4,680**
Hedging derivative instruments						
Fair value hedges						
– Swaps	*83,927*	*1,094*	*2,930*	*77,370*	*129*	*2,412*
– Other forward contracts	*0*	*0*	*0*	*0*	*0*	*0*
– Options and conditional transactions	*1*	*0*	*0*	*2*	*1*	*0*
Cash flow hedges						
– Swaps	*157*	*4*	*39*	*0*	*2*	*45*
– Other forward contracts	*0*	*0*	*4*	*0*	*0*	*0*
– Options and conditional transactions	*0*	*1*	*0*	*0*	*2*	*0*
Sub-total	**84,085**	**1,099**	**2,974**	**77,372**	**134**	**2,457**
Total	**628,941**	**3,634**	**7,760**	**692,086**	**2,745**	**7,137**

Note 7 Available-for-sale financial assets

Note 7a Available-for-sale financial assets

	December 31, 2011	December 31, 2010
Government securities	15,144	13,790
Bonds and other fixed-income securities	42,478	46,547
– Listed	*41,746*	*46,075*
– Unlisted	*732*	*472*
Equities and other variable-income securities	4,438	5,059
– Listed	*4,335*	*4,971*
– Unlisted	*104*	*88*
Long-term investments	1,988	2,328
– Investments in non-consolidated companies	*1,463*	*1,582*
– Other long-term investment	*242*	*375*
– Investments in associates	*280*	*371*
– Securities lent	*3*	*0*
Accrued interest	326	316
Total	**64,374**	**68,041**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 1,329*	*- 673*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*296*	*375*
Including impairment of bonds and other fixed-income securities	*- 684*	*- 82*
Including impairment of equities and other variable-income securities and long-term investments	*- 1,996*	*- 1,540*

Note 7b List of major investments in non-consolidated companies

		Percent interest	Equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 5%	1,452	9,477	181	87
CRH (Caisse de Refinancement de l'Habitat)	Unlisted	< 20%	208	42,846	2	0
Foncière des Régions	Listed	< 5%	6,028	14,701	751	871
Banco Popular Spain	Listed	< 5%	8,252	130,140	3,462	604
Veolia Environnement	Listed	< 5%	10,895	51,511	34,787	872

The figures above (excluding the percent of interest) relate to 2010.

Note 7c Exposure to sovereign risk

For several years now, Greece has been experiencing a crisis of confidence that made it impossible for the country to raise funds in the financial markets in order to balance its budget. In May 2010, the IMF and the eurozone countries approved a first-aid package of 110 billion euros, which was followed in July 2011 by a second package totaling nearly 160 billion euros. The latter included a Greek bond swap program, which was accessible to private investors on a voluntary basis (Private Sector Involvement). This mechanism has two purposes: to reduce the amount of Greece's debt and extend its maturity in order to bring the debt in line with the country's economic situation. Consequently, as at the June 30 interim reporting date, the Group recognized impairment losses on Greek sovereign securities that were maintained as at December 31, 2011, as the situation was still unstable. The impairment was reflected in the financial statements by the recognition in income, under the item "Net additions to/reversals from provisions for loan losses", of unrealized losses on securities classified as "available-for-sale".

The Group's Greek sovereign securities are classified either as held for trading or as available for sale and are stated at their fair value, which is established from observed market prices adjusted for issue-specific liquidity factors.

The financial conditions of the debt swap plan were set on February 21, 2012. They include a discount of 53.5%; the exchange of securities currently held by investors for securities issued by the Greek government for 31.5% of the nominal amount, with maturities ranging from 11 to 30 years and a weighted average interest rate of 3.65%, supplemented by other securities of the same nominal amount (amortizable over the period) giving investors the right to a coupon if the country's GDP growth rate exceeds certain thresholds; as well as short-term securities issued by the European Financial Stability Facility and amounting to 15% of the nominal amount.

Ireland and Portugal also benefited from aid packages from the European Union and the IMF when the deterioration in their public finances no longer allowed them to raise the funds they needed because the markets lacked confidence. At this time, the projected recovery of the debt of these two countries does not appear to be compromised and therefore does not warrant recognition of impairment.

◆ Exposure to Greek sovereign risk

Net outstandings at December 31, 2011 *	Banking	Insurance	Total
Financial assets at fair value through profit or loss	22		22
Available-for-sale financial assets	171	11	182
Held-to-maturity financial assets		1	1
Total	**193**	**13**	**206**
Net banking income			- 58
Net additions to/reversals from provisions for loan losses			- 451
Total before tax			**- 509**
Total after tax			**- 330**

* Amounts are shown net of any insurance policyholder profit-sharing portion.

Other countries benefiting from aid packages

Net exposure at December 31, 2011 *	Portugal	Ireland
Financial assets at fair value through profit or loss	50	
Available-for-sale financial assets	104	99
Held-to-maturity financial assets		
Total	**154**	**99**

Residual contractual maturity	Portugal	Ireland
< 1 year	39	
1 to 3 years	20	
3 to 5 years	29	
5 to 10 years	59	94
> 10 years	7	5
Total	**154**	**99**

* Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.

Other sovereign risk exposures in the banking portfolio

Net exposure at December 31, 2011	Spain	Italy
Financial assets at fair value through profit or loss	131	99
Available-for-sale financial assets	130	4,396
Held-to-maturity financial assets		
Total	**261**	**4,495**

Residual contractual maturity	Spain	Italy
< 1 year	66	1,266
1 to 3 years	28	2,076
3 to 5 years	69	375
5 to 10 years	17	545
> 10 years	81	233
Total	**261**	**4,495**

Note 8 Customers

Note 8a Loans and receivables due from customers

	December 31, 2011	December 31, 2010
Performing loans	154,058	148,292
Commercial loans	5,081	4307
Other customer loans	148,263	143,222
– Home loans	*63,311*	*61,298*
– Other loans and receivables, including resale agreements	*84,952*	*81,923*
Accrued interest	343	346
Securities not listed in an active market	371	417
Insurance and reinsurance receivables	169	174
Individually impaired receivables	9,101	9,454
Gross receivables	**163,327**	**157,920**
Individual impairment	- 5,906	- 6,095
Collective impairment	- 437	- 341
Sub-total I	**156,985**	**151,483**
Finance leases (net investment)	8,515	8,188
Furniture and movable equipment	5,315	5,263
Real estate	3,019	2,748
Individually impaired receivables	181	177
Provisions for impairment	- 142	- 130
Sub-total II	**8,373**	**8,059**
Total	**165,358**	**159,542**
Of which non-voting loan stock	*9*	*28*
Of which subordinated notes	*12*	*12*

◆ Finance leases with customers

	December 31, 2010	Acquisition	Sale	Other	December 31, 2011
Gross carrying amount	8,188	1,745	- 1,436	18	8,515
Impairment of irrecoverable rent	- 130	- 43	31	0	- 142
Net carrying amount	**8,059**	**1,702**	**- 1,405**	**17**	**8,373**

◆ Analysis of future minimum lease payments receivable under finance leases, by residual term

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Future minimum lease payments receivable	2,736	4,507	1,708	8,951
Present value of future minimum lease payments receivable	2,560	4,300	1,694	8,554
Unearned finance income	**176**	**207**	**14**	**397**

Note 8b Amounts due to customers

	December 31, 2011	December 31, 2010
Regulated savings accounts	35,183	30,371
– *Demand*	*26,217*	*20,328*
– *Term*	*8,967*	*10,043*
Accrued interest on savings accounts	5	13
Sub-total	**35,188**	**30,384**
Demand deposits	44,367	44,606
Term accounts and loans	45,921	39,844
Repurchase agreements	151	684
Accrued interest	438	751
Insurance and reinsurance payables	81	56
Sub-total	**90,958**	**85,941**
Total	**126,146**	**116,325**

Note 9 Held-to-maturity financial assets

	December 31, 2011	December 31, 2010
Securities	14,442	8,935
– *Government securities*	*84*	*0*
– *Bonds and other fixed-income securities*	*14,357*	*8,935*
Listed	*9,436*	*8,906*
Unlisted	*4,921*	*30*
– *Accrued interest*	*13*	*2*
Gross total	**14,454**	**8,938**
Of which impaired assets	*109*	*25*
Provisions for impairment	- 78	- 12
Net total	**14,377**	**8,926**

Note 10 Movements in provisions for impairment

	December 31, 2010	Additions	Reversals	Other	December 31, 2011
Loans and receivables due from credit institutions	- 350	- 3	51	- 8	- 310
Loans and receivables due from customers	- 6,566	- 1,414	1,518	- 23	- 6,485
Available-for-sale securities	- 1,623	- 1,047	18	- 28	- 2,680
Held-to-maturity securities	- 12	- 66	0	0	- 78
Total	**- 8,550**	**- 2,530**	**1,587**	**- 60**	**- 9,553**

At December 31, 2011, provisions for loans and receivables due from customers amounted to €6,485 million (compared to €6,566 million at the end of 2010), of which collective provisions totaled €436 million. Individual provisions essentially relate to overdrawn current accounts, for €745 million (compared to €790 million at the end of 2010), and to provisions for commercial and other loans (including home loans) for €5.160 million (compared to €5.305 million at the end of 2010).

Note 11 Reclassification of financial instruments

In application of new accounting regulations and in the extraordinary circumstances of a completely disrupted market, on July 1, 2008 the Group reclassified €18.8 billion of investments from the trading securities portfolio into AFS (€16.1 billion) investments and Loans and receivables (€2.7 billion), as well as €6.5 billion of AFS investments into Loans and receivables (€5.9 billion) and HTM investments (€0.6 billion). No other reclassification has occurred since that date.

	December 31, 2011		December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	4,539	4,235	5,582	5,294
AFS portfolio	7,413	7,414	9,284	9,284

	December 31, 2011	December 31, 2010
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	- 184	140
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	47	- 139
Gains (losses) on reclassified assets, recognized in income (NBI and net additions to/reversals of provisions for loan losses)	- 8	20

Note 12 Exposures affected by the financial crisis

The exposures affected by the financial crisis are presented below.
The portfolios are carried at market value established on the basis of external inputs obtained from regulated markets, major brokers or, where no price was available, on the basis of comparable listed securities.

Summary	December 31, 2011	December 31, 2010
	Carrying amount	Carrying amount
RMBS	3,985	5,579
CMBS	366	458
CLO	1,543	1,887
Other ABS	897	849
CLO covered by CDS	721	833
Other ABS covered by CDS	28	49
Liquidity facilities	351	334
Total	**7,890**	**9,989**

Unless otherwise stated, securities are not covered by CDS.

Exposures at December 31, 2011	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,173	353	26	366	1,918
AFS	966	13	192	227	1,399
Loans	1,845	0	1,325	304	3,474
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
France	14	2	0	354	369
Spain	305	0	20	206	531
United Kingdom	413	30	0	52	496
Europe excluding France, Spain and United Kingdom	1,306	0	694	144	2,144
USA	1,795	320	828	121	3,064
Rest of the world	151	13	0	21	186
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
US Agencies	521	0	0	0	521
AAA	1,560	303	716	421	3,001
AA	187	30	737	107	1,062
A	242	23	51	98	413
BBB	145	2	26	121	294
BB	119	0	12	20	151
B or below	1,211	8	0	131	1,350
Not rated	0	0	0	0	0
Total	**3,985**	**366**	**1,543**	**897**	**6,791**

Exposures at December 31, 2010	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,819	306	23	343	2,491
AFS	1,835	147	29	287	2,298
Loans	1,925	5	1,835	219	3,984
Total	**5,579**	**458**	**1,887**	**849**	**8,773**
France	14	1	0	407	422
Europe excluding France	2,803	84	889	398	4,174
USA	2,366	291	998	0	3,655
Rest of the world	396	82	0	44	522
Total	**5,579**	**458**	**1,887**	**849**	**8,773**
US Agencies	1,075	0	0	0	1,075
AAA	2,984	346	1,070	601	5,001
AA	322	92	600	78	1,092
A	69	20	179	7	275
BBB	71	0	26	150	247
BB	43	0	12	13	68
B or below	1,015	0	0	0	1,015
Not rated	0	0	0	0	0
Total	**5,579**	**458**	**1,887**	**849**	**8,773**

Note 13 Corporate income tax

Note 13a Current income tax

	December 31, 2011	December 31, 2010
Asset (by income)	907	697
Liability (by income)	387	395

Note 13b Deferred income tax

	December 31, 2011	December 31, 2010
Asset (by income)	673	732
Asset (by shareholders' equity)	805	436
Liability (by income)	586	643
Liability (by shareholders' equity)	185	207

Breakdown of deferred income tax by major categories

	December 31, 2011		December 31, 2010	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
– Deferred gains (losses) on available-for-sale securities	*805*	*185*	*436*	*207*
– Impairment provisions	*437*		*452*	
– Unrealized finance lease reserve		*136*		*112*
– Earnings of fiscally transparent (pass-through) companies		*4*		*4*
– Remeasurement of financial instruments	*860*	*161*	*603*	*286*
– Accrued expenses and accrued income	*114*	*952*	*52*	*616*
– Tax losses [1 2]	*123*		*244*	
– Insurance activities	*31*	*192*	*36*	*209*
– Other timing differences	*52*	*84*	*0*	*71*
Netting	- 944	- 944	- 655	- 655
Total deferred tax assets and liabilities	**1,478**	**771**	**1,168**	**850**

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 36.10% (i.e., the standard tax rate).
1. Of which USA tax losses: €122 million in 2011 and €176 million in 2010.
2. Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

Note 14 Accruals, other assets and other liabilities

Note 14a Accruals and other assets

	December 31, 2011	December 31, 2010
Accruals assets		
Collection accounts	317	346
Currency adjustment accounts	334	13
Accrued income	438	426
Other accruals	1,468	2,068
Sub-total	**2,557**	**2,854**
Other assets		
Securities settlement accounts	110	92
Guarantee deposits paid	7,645	6,154
Miscellaneous receivables	5,209	5,262
Inventories	14	11
Other	- 2	11
Sub-total	**12,978**	**11,530**
Other insurance assets		
Technical provisions, reinsurers' share	255	260
Other	81	79
Sub-total	**335**	**339**
Total	**15,870**	**14,723**

Note 14b Accruals and other liabilities

	December 31, 2011	December 31, 2010
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	452	463
Currency adjustment accounts	349	275
Accrued expenses	551	635
Deferred income	670	649
Other accruals	1,743	5,691
Sub-total	**3,764**	**7,713**
Other liabilities		
Securities settlement accounts	83	74
Outstanding amounts payable on securities	53	70
Other payables	3,546	2,409
Sub-total	**3,682**	**2,553**
Other insurance liabilities		
Deposits and guarantees received	150	163
Sub-total	**150**	**163**
Total	**7,596**	**10,429**

Note 15 Equity-accounted investments

Equity value and share of net income (loss)

		Percent interest
ACM Nord	Unlisted	49.00%
ASTREE Assurance	Listed	30.00%
Banca Popolare di Milano [1]	Listed	6.87%
Banque de Tunisie	Listed	20.00%
Banque Marocaine du Commerce Extérieur	Listed	24.64%
CMCP	Unlisted	
Euro Information	Unlisted	26.36%
RMA Watanya	Unlisted	22.02%
Royal Automobile-Club de Catalogne	Unlisted	48.99%
SCI Treflière	Unlisted	46.09%
Other	Unlisted	
Total		

1. Goodwill relating to BPM (€41 million) was written off in full during 2011.

December 31, 2011 Investment value	Share of net income (loss)	Percent interest	December 31, 2010 Investment value	Share of net income (loss)
19	3	49.00%	17	1
18	- 1	30.00%	21	3
191	- 31	4.84%	170	1
52	6	20.00%	49	7
831	21	24.64%	833	15
5	0		5	0
206	13	26.36%	191	12
298	16	22.02%	210	8
62	- 13	48.99%	77	- 14
11	1	46.09%	12	1
3	0		4	1
1,698	**15**		**1,589**	**35**

Financial data published by the major equity-accounted entities

	Total assets	NBI or revenues	Net income
ACM Nord	149	125	8
ASTREE Assurance [1 2]	277	91	16
Banca Popolare di Milano [1]	54,053	322	111
Banque de Tunisie [1 2]	3,142	148	56
Banque Marocaine du Commerce Extérieur [1 3]	187,187	7,552	1,426
Euro Information	717	731	71
RMA Watanya [1 3]	222,247	4,448	2,240
Royal Automobile-Club de Catalogne	101	130	8

1. 2010 amounts. 2. In millions of Tunisian dinars. 3. In millions of Moroccan dirhams.

Banca Popolare di Milano S.C.a.r.l or "BPM"

During the first half of 2011, the Banca Popolare di Milano was asked by the regulatory authority, the Bank of Italy, to strengthen its capital. In response, BPM carried out a capital increase during the last quarter of 2011 at a new share price of 30 euro cents, to which the Group subscribed in proportion to its interest. This was followed, on December 29, by the early redemption in shares of convertible bonds issued in 2009.

After these two transactions, the total number of shares issued by BPM is 3,229,621,379 and the number of shares held by the Group is 222 million, representing a 6.87% equity interest as at December 31, 2011. At January 1, 2011, the Group's interest in BPM was 4.84%. The increase in the percentage of interest was due to the larger proportion of convertible bonds over shares held by the Group. The investment in BPM is accounted for using the equity method, as the CM10-CIC Group, which retains its position as a strategic partner to BPM's Board of Directors and is also a member of its Executive Committee and the Finance Committee, is deemed to exercise significant influence over the entity. The investment's carrying amount must therefore reflect the Group's share of BPM's net assets (IFRS), up to the value in use. This value was determined using the dividend discount method (DDM), which involves discounting over a long period of time future distributable profits, obtained from estimated earnings less the regulatory reserve needed for compliance with solvency ratio requirements.

The estimated earnings used were those presented in the October 28, 2011 stock offering prospectus (the latest data available). The discount rate was determined using the long-term, risk-free interest rate plus a risk premium taking into account the volatility of the BPM shares. The resulting value in use was 85 euro cents per BPM share. An analysis of sensitivity to key parameters used by the model, in particular the discount rate, shows that a 100 basis points increase in the discount rate would reduce the value in use by 13%.

Based on this valuation, the carrying amount of the equity-accounted investment reported in the financial statements was €191 million (net of any impairment losses). As a reminder, at December 31, 2011 the BPM closing price on the Milan stock exchange was 31 euro cents and at February 23, 2012 the opening price was 50 euro cents. The stock market value of the Group's interest in BPM was €69 million at December 31, 2011 and €111 million at February 23, 2012. As at September 30, 2011, BPM's total assets reported in the consolidated financial statements (IFRS) stood at €51,927 million and shareholders' equity amounted to €3,795 million, including net income for the first nine months of 2011 of €49 million.

On October 4, 2011, the Group sold its entire interest (6.49%) in Banca di Legnano DpA to BPM. After this transaction, BPM fully owned this subsidiary and subsequently merged it on February 11, 2012 with another subsidiary, Cassa di Risparmio di Alessandria SpA.

During 2011, the Group recognized in income, in addition to its €2 million share of BPM's net income for the year, the loss arising from the redemption of convertible bonds, the accretion effect of the increase in the percentage of its equity interest, the resulting impairment of the investment's value in use and the result of the disposal of Banca di Legnano shares, namely a loss of €73 million. Of this amount, - €42 million was recorded in NBI and - €31 million in "Share of net income (loss) of affiliates".

Note 16 Investment Property

	December 31, 2010	Additions	Disposals	Other movements	December 31, 2011
Historical cost	948	113	- 11	- 1	1,050
Accumulated depreciation and impairment losses	- 158	- 23	1	0	- 181
Net amount	**791**	**90**	**- 10**	**- 2**	**869**

The fair value of investment property carried at amortized cost was €1,187 million at December 31, 2011.

Note 17 Property, equipment and intangible assets

Note 17a Property and equipment

	December 31, 2010	Additions	Disposals	Other movements	December 31, 2011
Historical cost					
Land used in operations	370	1	- 2	13	382
Buildings used in operations	2,513	108	- 32	93	2,680
Other property and equipment	1,221	68	- 78	39	1,250
Total	**4,103**	**177**	**- 112**	**145**	**4,313**
Accumulated depreciation and impairment losses					
Land used in operations	- 1	0	0	- 2	- 3
Buildings used in operations	- 1,293	- 128	28	- 37	- 1,430
Other property and equipment	- 844	- 64	59	- 60	- 909
Total	**- 2,138**	**- 192**	**87**	**- 99**	**- 2,342**
Net amount	**1,965**	**- 15**	**- 26**	**46**	**1,971**
Total	**0**	**0**	**0**	**0**	**0**

Note 17b Intangible assets

	December 31, 2010	Additions	Disposals	Other movements	December 31, 2011
Historical cost					
Internally developed intangible assets	14	1	- 1	0	15
Purchased intangible assets	1,245	45	- 30	65	1,325
– *sofware*	*463*	*22*	*- 10*	*2*	*476*
– *other*	*782*	*23*	*- 20*	*64*	*849*
Total	**1,260**	**46**	**- 31**	**65**	**1,341**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 325	- 127	16	- 2	- 439
– *software*	*- 192*	*- 64*	*8*	*0*	*- 248*
– *other*	*- 132*	*- 63*	*7*	*- 2*	*- 190*
Total	**- 325**	**- 127**	**16**	**- 2**	**- 439**
Net amount	**935**	**- 81**	**- 15**	**63**	**902**

Note 18 Goodwill

	December 31, 2010	Acquisitions	Disposals	Other movements	December 31, 2011
Goodwill, gross	4,265	120		0	4,385
Accumulated impairment losses	- 169	0	- 4	- 9	- 182
Goodwill, net	**4,096**	**120**	**- 4**	**- 9**	**4,203**

Subsidiaries	Goodwill at December 31, 2010	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31, 2011
Targobank Germany	2,757	5			2,763
Crédit Industriel et Commercial (CIC)	506				506
Cofidis Participations	378				378
Targobank Spain (former Banco Popular Hipotecario)	183				183
CIC Private Banking – Banque Pasche	52	1.2			53
Bank Casino [a]	0	27			27
CM-CIC Investissement	21				21
Monabanq	17				17
CIC Iberbanco	15				15
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
Transatlantique Gestion	5				5
Other [b]	143	86	- 4	- 9	216
Total	**4,096**	**120**	**- 4**	**- 9**	**4,204**

a. Consolidated for the first time in 2011.
b. Including Est Républicain, consolidated for the first time in 2011.

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:
– verifying that the price used for the most recent transaction is above the carrying amount, or
– verifying that the valuation assumptions at the acquisition date are still valid.

Note 19 Debt securities

	December 31, 2011	December 31, 2010
Retail certificates of deposit	101	84
Interbank instruments and money market securities	46,584	63,206
Bonds	38,871	30,688
Accrued interest	1,117	668
Total	**86,673**	**94,646**

Note 20 Insurance companies' technical provisions

	December 31, 2011	December 31, 2010
Life	47,709	46,655
Non-life	2,083	2,015
Unit of account	5,916	6,579
Other	199	193
Total	**55,907**	**55,442**
Of which deferred profit-sharing liability	*1,424*	*2,623*
Deferred profit-sharing asset	0	0
Reinsurers' share of technical reserves	255	260
Total – Net technical provisions	**55,652**	**55,182**

Note 21 Provisions

	December 31, 2010	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	December 31, 2011
Provisions for risks	**440**	**62**	**- 83**	**- 60**	**- 5**	**354**
Signature commitments	137	40	- 9	- 42	0	126
Financing and guarantee commitments	1	0	- 1	0	0	0
On country risks	20	0	- 2	0	0	18
Provision for taxes	119	6	- 56	0	- 4	65
Provisions for claims and litigation	132	13	- 5	- 15	- 2	123
Provision for risks on miscellaneous receivables	30	3	- 10	- 3	2	22
Other provisions	**772**	**114**	**- 114**	**- 112**	**- 26**	**635**
Provisions for home savings accounts and plans	62	0	- 5	- 15	1	43
Provisions for miscellaneous contingencies	432	48	- 97	- 72	3	314
Other provisions	279	66	- 12	- 25	- 30	278
Provisions for retirement benefits [1]	**208**	**61**	**- 17**	**- 7**	**132**	**376**
Retirement benefits defined benefit and equivalent, excluding pension funds						
Retirement bonuses [2]	99	48	- 12	- 1	127	261
Supplementary retirement benefits	66	10	- 4	- 3	- 1	68
Long service awards (other long-term benefits)	30	2	- 1	- 1	6	36
Sub-total to statement of financial position	**194**	**61**	**- 17**	**- 5**	**131**	**365**
Supplementary retirement benefit defined benefit, provided by Group's pension funds						
Provisions for pension fund shortfalls [3] *Fair value of plan assets*	13	0	0	- 2	- 2	11
Sub-total to statement of financial position	**13**	**0**	**0**	**- 2**	**- 2**	**11**
Total	**1,420**	**237**	**- 214**	**- 179**	**101**	**1,365**

Assumptions

	2011	2010
Discount rate [4]	4.7%	4.0%
Annual increase in salaries [5]	Minimum 1.8%	Minimum 1.5%

1. Employee-related liability amounts as at December 31, 2010 which were covered by insurance contracts within the Group were reclassified from "Insurance technical provisions" to "Provisions".
2. For the French banks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CM5-CIC Group).
3. The provision for pension fund shortfalls only covers foreign entities.
4. The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the IBOXX index.
5. The annual increase in salaries is the estimate of cumulative future salary inflation. Since 2010, it is also based on the age of the employees.

Movements in provision for retirement bonuses

	December 31, 2010	Discounted amount	Financial income	Cost of services performed
Commitments	285	8		20
Amortization	- 64			
Insurance contract	2		0	
Provisions	219	8	0	20

Provisions for home savings accounts and plans signature risk

	December 31, 2011	December 31, 2010
Home savings plan outstandings		
Seniority under 10 years	3,848	3,540
Seniority over 10 years	2,103	2,245
Total	**5,951**	**5,785**
Savings account outstandings	**642**	**789**
Total home savings accounts and plans	**6,593**	**6,573**

Home savings loans

	December 31, 2011	December 31, 2010
Outstandings home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	206	241

Provisions for home savings accounts and plans

	Opening balance	Net additions /reversals	Other movements	Closing balance
On home savings accounts	14	1		15
On home savings plans	40	- 18		22
On home savings loans	8	- 2		6
Total	**62**	**- 19**		**43**

Analysis of provisions on home savings plans by seniority

	Opening balance	Net additions /reversals	Other movements	Closing balance
Seniority under 10 years	28	- 16		12
Seniority over 10 years	12	- 2		10
Total	**40**	**- 18**		**22**

Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Insurance premiums	Other	December 31, 2011
4	15	- 26		10	317
11					- 53
0	0	0	0	1	3
15	15	- 26	0	9	261

Home savings accounts (comptes épargne-logement, CEL) and home savings plans (plans épargne-logement, PEL) are French regulated savings products, allowing individual customers to invest over time in an interest bearing account giving subsequent entitlement to a home loan. These products place a two fold commitment on the distributor:

– a commitment to provide a return to depositors on amounts invested: fixed-rate for PEL and variable-rate (periodically reviewed based on benchmark indexes) for CEL,

– a commitment to lend to those customers on demand, on predetermined terms (for both CEL and PEL).

The commitments have been estimated on the basis of customer statistical behavior and market inputs.

A provision is established in the liabilities section of the statement of financial position to cover potential future costs arising from unfavorable conditions relating to these products, on the basis of interest rates offered to individual customers by similar, non-regulated products. This approach is based on homogeneous generations of regulated terms for PEL. The impact on income is recognized as "interest due to customers".

The decrease in the provisions for risks at December 31, 2011 compared to the previous year is due to a downward revision of expected future interest rates (determined using a Cox-Ingersoll-Ross rate model or similar).

Note 22 Subordinated debt

	December 31, 2011	December 31, 2010
Subordinated notes	5,005	5,243
Non-voting loan stock	39	54
Perpetual subordinated notes	2,863	3,096
Other debt	19	130
Accrued interest	99	97
Total	**8,025**	**8,619**

Main subordinated debt issues

In € millions	Type
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
CIC	Non-voting loan stock
CIC	Perpetual subordinated note
CIC	Perpetual subordinated note
Banque Fédérative du Crédit Mutuel	Loan
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note

1. Amounts net of intra-Group balances.
2. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
3. Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
4. 6-month Euribor + 167 basis points.
5. 6-month Euribor + 107 basis points for the first 10 years and + 207 basis points for subsequent years, unless redeemed.

Issue date	Amount issued	Amount at December 31, 2011 [1]	Rate	Maturity
July 19, 2001	€700m	€700m	6.50	July 19, 2013
Sept. 30, 2003	€800m	€800m	5.00	Sept. 30, 2015
Dec.18, 2007	€300m	€300m	5.10	Dec. 18, 2015
June 16, 2008	€300m	€300m	5.50	June 16, 2016
Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Dec. 6, 2011	€1,000m	€1,000m	5.30	Dec. 6, 2018
Oct. 22, 2010	€1,000m	€1,000m	4.00	Oct. 22, 2020
May 28, 1985	€137m	€21m	[2]	[3]
June 30, 2006	€200m	€200m	[4]	No fixed maturity
June 30, 2006	€550m	€550m	[5]	No fixed maturity
Dec. 28, 2005	€500m	€500m	[6]	No fixed maturity
Dec. 15, 2004	€750m	€750m	[7]	No fixed maturity
Feb. 25, 2005	€250m	€250m	[8]	No fixed maturity
April 28, 2005	€600m	€393m	[9]	No fixed maturity
Oct. 17, 2008	€147m	€147m	[10]	No fixed maturity

6. 1-year Euribor + 0.3 basis points.
7. 10-year CMSIDA CIC + 10 basis points.
8. 10-year CMSIDA + 10 basis points.
9. Fixed-rate 4.471 until October 10, 2015 and thereafter 3-month Euribor + 185 basis points.
10. 3-month Euribor + 665 basis points.

Note 23 Shareholders' equity

Note 23a Shareholders' equity, Group share (excluding unrealized or deferred gains or losses)

	December 31, 2011	December 31, 2010
Capital stock and additional paid-in capital and reserves	2,061	1,880
– *Capital*	*1,325*	*1,302*
– *Premium relating to issue, transfer, merger, split, conversion*	*736*	*578*
Consolidated reserves	8,824	7,508
– *Regulated reserves*	*7*	*7*
– *Translation reserves*	*20*	*6*
– *Other reserves (including effects related to first application of standards)*	*8,799*	*7,499*
– *Retained earnings*	*- 3*	*- 3*
Net income	817	1,405
Total	**11,701**	**10,793**

Note 23b Unrealized or deferred gains and losses

	December 31, 2011	December 31, 2010
Unrealized or deferred gains and losses * relating to:		
Available-for-sale financial assets		
– *Equities*	*296*	*375*
– *Bonds*	*- 1,329*	*- 673*
Cash flow hedges	- 105	- 89
Share of unrealized or deferred gains and losses of associates	16	29
Total	**- 1,122**	**- 358**
Attributable to the Group	*- 1,078*	*- 363*
Non-controlling interests	*- 44*	*5*

* Net of tax.

Note 23c Recycling of gains and losses recognized directly in equity

	Movements 2011	Movements 2010
Translation adjustements		
Other movements	- 5	0
Sub-total	**- 5**	**0**
Remeasurement of available-for-sale financial assets		
Reclassification in income	216	- 104
Other movements	- 946	- 196
Sub-total	**- 730**	**- 300**
Remeasurement of hedging derivative instruments		
Reclassification in income	0	0
Other movements	- 16	- 45
Sub-total	**- 16**	**- 45**
Share of unrealized or deferred gains and losses of associates	- 13	21
Total	**- 764**	**- 324**

Note 23d Tax on components of gains and losses recognized directly in equity

	Changes 2011			Changes 2010		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	- 5	0	- 5	0	0	0
Remeasurement of available-for-sale financial assets	- 1,092	361	- 730	- 350	50	- 300
Remeasurement of hedging derivative instruments	- 19	2	- 16	- 46	0	- 45
Share of unrealized or deferred gains and losses of associates	- 13	0	- 13	21	0	21
Total gains and losses recognized directly in shareholders' equity	**- 1,128**	**364**	**- 764**	**- 375**	**50**	**- 324**

Note 24 Commitments given and received

Commitments given

	December 31, 2011	December 31, 2010
Financing commitments		
To credit institutions	1,622	1,720
To customers	40,578	41,047
Guarantee commitments		
To credit institutions	2,257	5,061
To customers	13,188	9,035
Commitments on securities		
Other commitments given	429	879
Commitments given by insurance business line	**285**	**291**

Commitments received

	December 31, 2011	December 31, 2010
Financing commitments		
From credit institutions	20,665	22,810
Guarantee commitments		
From credit institutions	28,589	27,679
From customers	5,669	4,826
Commitments on securities		
Other commitments received	20	588
Commitments received by insurance business line	**6,735**	**7,750**

Assets pledged as collateral for liabilities

	December 31, 2011	December 31, 2010
Loaned securities	5	0
Security deposits on market transactions	7,645	6,154
Securities sold under repurchase agreements	26,645	30,211
Total	**34,295**	**36,364**

Note 25 Interest income, interest expense and equivalent

	December 31, 2011		December 31, 2010	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,854	- 1,406	2,961	- 2,287
Customers	9,833	- 4,359	9,463	- 3,845
– of which finance leases and operating leases	*2,683*	*- 2,361*	*2,603*	*- 2,284*
Hedging derivative instruments	2,193	- 2,416	2,511	- 3,094
Available-for-sale financial assets	772		643	
Held-to-maturity financial assets	192		170	
Debt securities		- 2,174		- 1,584
Subordinated debt		- 113		- 106
Total	**14,844**	**- 10,468**	**15,748**	**- 10,915**

Note 26 Fees and commissions

	December 31, 2011		December 31, 2010	
	Income	Expense	Income	Expense
Credit institutions	5	- 4	15	- 4
Customers	878	- 11	876	- 7
Securities	702	- 87	744	- 79
– of which funds managed for third parties	*476*		*509*	
Derivative instruments	4	- 13	5	- 20
Foreign exchange	17	- 3	19	- 4
Financing and guarantee commitments	27	- 6	28	- 10
Services provided	1,200	- 718	1,411	- 719
Total	**2,833**	**- 841**	**3,098**	**- 843**

Note 27 Net gains (loss) on financial instruments at fair value through profit or loss

	December 31, 2011	December 31, 2010
Trading derivative instruments	127	- 149
Instruments designated under the fair value option [1]	- 124	115
Ineffective portion of hedging instruments	- 31	56
– Cash flow hedges	0	2
– Fair value hedges	- 31	54
Change in fair value of hedged items	*- 20*	*- 388*
Change in fair value of hedging items	*- 12*	*442*
Foreign exchange gains (losses)	52	55
Total changes in fair value	**24**	**77**

1. Of which €98 million relating to the Private Equity business line.

Note 28 Net gains (loss) on available-for-sale financial assets

	December 31, 2011			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		15	0	15
Equities and other variable-income securities	9	15	- 40	- 15
Long-term investments	68	30	- 103	- 5
Other	0	- 81	0	- 81
Total	**77**	**- 20**	**- 143**	**- 86**

	December 31, 2010			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		91	0	91
Equities and other variable-income securities	7	12	- 19	0
Long-term investments	48	9	- 27	29
Other	0	2	0	2
Total	**55**	**114**	**- 46**	**123**

Note 29 Other income and expense

	December 31, 2011	December 31, 2010
Income from other activities		
Insurance contracts	8,431	10,413
Investment property	1	1
– Gains on disposals	*0*	*1*
Other income	851	834
Sub-total	**9,344**	**11,248**
Expenses on other activities		
Insurance contracts	- 7,304	- 9,262
Investment property	- 21	- 19
– Net movements in depreciation, amortization and impairment (based on the accounting method selected)	*- 20*	*- 18*
– Losses on disposals	*- 1*	*- 1*
Other expenses	- 573	- 774
Sub-total	**- 7,898**	**- 10,056**
Other income and expense net	**1,446**	**1,192**

◆ Net income from the insurance business line

	December 31, 2011	December 31, 2010
Earned premiums	7,642	8,670
Claims and benefits expenses	- 5,413	- 4,739
Movements in provisions	- 1,911	- 4,546
Other technical and non-technical income and expense	68	75
Net investment income	741	1,691
Total	**1,127**	**1,151**

Note 30 General operating expenses

	December 31, 2011	December 31, 2010
Payroll costs	- 2,650	- 2,596
Other operating expenses	- 2,285	- 2,315
Total	**- 4,935**	**- 4,911**

Note 30a Payroll costs

	December 31, 2011	December 31, 2010
Salaries and wages	- 1,730	- 1,656
Social security contributions	- 669	- 647
Employee benefits	- 7	- 8
Incentive bonuses and profit-sharing	- 94	- 141
Payroll taxes	- 148	- 139
Other expenses	- 3	- 5
Total	**- 2,650**	**- 2,596**

Number of employees

	December 31, 2011	December 31, 2010
Average number of employees		
Banking staff	26,294	24,489
Management	13,929	13,218
Total	**40,223**	**37,707**
Analysis by country		
France	29,789	27,733
Rest of the world	10,434	9,974
Total	**40,223**	**37,707**

Includes 275 employees of Targobank Spain and 91 employees of Banque Casino, consolidated using the proportional method.

	December 31, 2011	December 31, 2010
Number of employees at end of period *	**42,901**	**40,403**

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at December 31. In contrast, the consolidated average number of employees (full-time equivalent, or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

Note 30b Other operating expenses

	December 31, 2011	December 31, 2010
Taxes and duties	- 205	- 166
External services	- 1,811	- 1,862
Other miscellaneous expenses (transportation, travel, etc.)	15	10
Total	**- 2,001**	**- 2,017**

Note 30c Depreciation, amortization and impairment of property, equipment and intangible assets

	December 31, 2011	December 31, 2010
Depreciation and amortization	- 284	- 296
– Property and equipment	*- 194*	*- 197*
– Intangible assets	*- 90*	*- 99*
Impairment losses	0	- 1
– Property and equipment	*0*	*- 1*
– Intangible assets	*0*	*- 1*
Total	**- 284**	**- 298**

Note 31 Net additions to/reversals from provisions for loan losses

◆ December 31, 2011

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 3	51	0	0	0	48
Customers	- 1,346	1,383	- 680	- 359	106	- 896
– Finance leases	*- 10*	*6*	*- 3*	*- 6*	*0*	*- 13*
– Other customer items	*- 1,336*	*1,377*	*- 676*	*- 353*	*106*	*- 883*
Sub-total	**- 1,349**	**1,434**	**- 680**	**- 359**	**106**	**- 848**
Held-to-maturity financial assets	- 2	0	0	0	0	- 2
Available-for-sale financial assets [1]	- 461	1	- 40	- 50	44	- 506
Other	- 44	67	- 2	0	0	20
Total	**- 1,856**	**1,502**	**- 722**	**- 409**	**150**	**- 1,336**

1. Includes €451 million impairment losses on Greek sovereign debt (see Note 7c).

◆ December 31, 2010

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 131	321	- 116	- 1	0	73
Customers	- 1,530	1,317	- 507	- 535	63	- 1,193
– Finance leases	*- 3*	*2*	*- 2*	*- 5*	*1*	*- 6*
– Other customer items	*- 1,527*	*1,315*	*- 505*	*- 530*	*61*	*- 1,187*
Sub-total	**- 1,661**	**1,638**	**- 623**	**- 536**	**63**	**- 1,120**
Held-to-maturity financial assets	- 12	0	0	0	0	- 12
Available-for-sale financial assets	0	1	- 83	- 38	0	- 120
Other	- 70	144	- 37	0	1	37
Total	**- 1,742**	**1,783**	**- 743**	**- 574**	**63**	**- 1,214**

Note 32 Gains (losses) on other assets

	December 31, 2011	December 31, 2010
Property, equipment and intangible assets	102	8
– *Losses on disposals*	- 8	- 9
– *Gains on disposals*	110	17
Gains (loss) on consolidated securities sold	0	0
Total	**102**	**8**

Note 33 Change in value of goodwill

	December 31, 2011	December 31, 2010
Impairment of goodwill	- 9	- 45
Negative goodwill recognized in income	0	0
Total	**- 9**	**- 45**

Note 34 Corporate income tax

Breakdown of income tax expense

	December 31, 2011	December 31, 2010
Current taxes	- 479	- 737
Deferred taxes	- 79	114
Adjustments in respect of prior years	17	20
Total	**- 541**	**- 604**

Reconciliation between the income tax expense recognized in the financial statements and the theoretical income tax expense

	December 31, 2011	December 31, 2010
Taxable income	1,575	2,320
Theoretical tax rate	36.10%	34.43%
Theoretical tax expense	**- 568**	**- 799**
Impact of specific SCR and SICOMI tax rules	18	56
Impact of changes in deferred tax rates	30	
Impact of the reduced rate on long-term capital gains	7	34
Impact of specific tax rates of foreign entities	7	- 4
Other	- 34	109
Income tax	**- 541**	**- 604**
Effective tax rate	**34.32%**	**26.03%**

Note 35 Earnings per share

	2011	2010
Net income attributable to the Group	817	1,405
Number of shares at beginning of period	26,043,845	26,043,845
Number of shares at end of period	26,496,265	26,043,845
Weighted average number of shares	26,270,055	26,043,845
Basic earnings per share	**31.10**	**53.93**
Additional weighted average number of shares assuming full dilution	**0**	**0**
Diluted earnings per share	**31.10**	**53.93**

Note 36 Fair value of financial instruments recognized at amortized cost

The fair values presented are an estimate based on observable inputs at December 31, 2011. They are determined using discounted cash flows calculated based on a risk-free interest rate curve, to which is added, in the case of asset items, a credit spread computed at the CM10-CIC Group level and reviewed each year.

The financial instruments included here are those associated with lending and borrowing. They do not include non-monetary elements (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this information.

The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e. the carrying amount.

Certain entities in the Group may also apply the assumption that the market value is the carrying amount, in the case of contracts with variable interest rate terms or contracts whose residual term is equal to or less than one year.

We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferable or are not in practice traded before maturity. As such, no entries are made for related capital gains or losses.

However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2011.

	December 31, 2011		December 31, 2010	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	66,055	66,015	65,415	64,995
Loans and receivables due from customers	165,358	166,832	159,542	160,813
Held-to-maturity financial assets	14,377	14,405	8,926	9,189
Liabilities				
Due to credit institutions	49,114	48,872	38,193	38,145
Due to customers	126,146	125,195	116,325	114,662
Debt securities	86,673	87,920	94,646	94,320
Subordinated debt	8,025	8,657	8,619	9,176

Note 37 Related party transactions

Statement of financial position items relating to related party transactions

	December 31, 2011		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Assets			
Loans, advances and securities			
– *Loans and receivables due from credit institutions*	*0*	*160*	*1,275*
– *Loans and receivables due from customers*	*40*	*0*	*44*
– Securities	0	0	522
Other assets	0	0	0
Total	**40**	**160**	**1,842**
Liabilities			
Deposits			
– *Due to credit institutions*	*0*	*0*	*4,470*
– *Due to customers*	*140*	*0*	*38*
Debt securities	0	0	1,003
Other liabilities	32	0	174
Total	**172**	**0**	**5,685**
Financing and guarantee commitments			
Financing commitments given	0	102	0
Guarantee commitments given	0	0	0
Financing commitments received	0	0	0
Guarantee commitments received	0	0	226

Income statement items relating to related party transactions

	December 31, 2011		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Interest received	11	0	67
Interest paid	0	0	- 129
Fee and commissions received	8	0	0
Fee and commissions paid	- 5	0	- 7
Other income (expense)	1	1	- 81
General operating expense	- 279	1	0
Total	**- 264**	**1**	**- 149**

The Confédération Nationale includes Caisse Centrale de Crédit Mutuel and Crédit Mutuel's regional federations not associated with the CM10-CIC Group.
The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.
In the case of companies consolidated using the proportional method (Banque Casino et Targobank Spain) the amounts include the proportion of intercompany transactions not eliminated on consolidation.

	Parent companies – CM10 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies – CM5 Group
			December 31, 2010		
	47,844	*0*	*15*	*2,351*	*43,130*
	0	*50*	*0*	*63*	*0*
	352	0	0	192	95
	0	3	0	0	0
	48,195	**53**	**15**	**2,607**	**43,225**
	15,275	*0*	*0*	*2,974*	*12,966*
	25	*117*	*0*	*58*	*0*
	3	0	0	697	4
	1,250	65	0	304	1,250
	16,553	**182**	**0**	**4,033**	**14,220**
	0	0	0	0	0
	2	0	0	0	0
	0	0	0	25	0
	564	0	0	333	265

	Parent companies – CM10 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies – CM5 Group
			December 31, 2010		
	1,356	11	0	116	2,192
	- 348	0	0	- 63	- 1,175
	24	6	0	0	32
	- 240	- 4	0	- 15	- 243
	112	- 4	0	- 153	8
	- 35	- 265	0	0	- 26
	868	**- 255**	**0**	**- 116**	**787**

◆ Relationships with the Group's key management

Consistent with the regulatory changes (CRBF regulation 97-02) and compliance with professional recommendations, the Group's deliberative bodies, and in particular the Board of Directors of BFCM, made commitments in the area of remuneration for financial market professionals as well as remuneration for compagny officers and directors.

These commitments were disclosed in filings with the AMF and in documents published on BFCM's web site. Remuneration received by the BFCM Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC. For each of these activities, remuneration includes a fixed and a variable portion. This remuneration is set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees. The fixed portion is determined on the basis of standard practices for positions of comparable responsability. The variable portion is determined on a discretionary and lump sum basis. During the year, the Group's officers and directors also received the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

The Group's officers and directors did not receive any other specific benefits. They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies outside the Group but on whose board they sit as a result of their functions within the Group. The Group's officers and directors may also hold assets or borrowings in the financial statements of the Group's banks on the same terms and conditions offered to all other employees.

In addition, at its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to a performance related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €770,000 (including social contributions).

At its meeting of May 8, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to a performance-related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €1,120,000 (including social contributions). In his capacity as a corporate officer, Mr. Fradin also benefits from a supplemental pension plan on the same terms and conditions offered to all other BFCM employees. 2011 contributions to the insurance company amounted to €11,407 and covered the entire commitment.

Total remuneration paid to key management

Amounts in € thousands	December 31, 2011	December 31, 2010
	Total remuneration	
* Corporate officiers, Management Committee, boards members who receive renumeration	5,334	5,736

* See also 3.2.2 of the section on Corporate Governance

Note 38 Events after the reporting period and other information

The consolidated financial statements of the BFCM Group at December 31, 2011 were approved by the board of directors at its meeting of February 23, 2012.

Note 39 Exposure to risk

The risk exposure information required by IFRS 7 is included in Section IV of the management report.

Note 40 Statutory auditors' fees

In € thousands, excluding VAT	Ernst & Young			
	Amount 2011	Amount 2010	Percentage 2011	Percentage 2010
Audit				
Statutory audit, certification and review of financial statements				
– *BFCM*	*141*	*104*	*5%*	*3%*
– *Fully consolidated subsidiaries*	*2,634*	*2,706*	*86%*	*88%*
Other assignments and services directly related to the statutory audit [1]				
– *BFCM*	*200*	*40*	*7%*	*1%*
– *Fully consolidated subsidiaries*	*11*	*117*	*0%*	*4%*
Sub-total	**2,986**	**2,967**	**98%**	**97%**
Other services provided by the networks to fully consolidated subsidiaries				
– *Legal, tax and employee-related*	*0*	*0*	*0%*	*0%*
– *Other*	*74*	*99*	*2%*	*3%*
Sub-total	**74**	**99**	**2%**	**3%**
Total	**3,060**	**3,066**	**100%**	**100%**

In € thousands, excluding VAT	KPMG AUDIT			
	Amount 2011	Amount 2010	Percentage 2011	Percentage 2010
Audit				
Statutory audit, certification and review of financial statements				
– *BFCM*	*135*	*121*	*3%*	*2%*
– *Fully consolidated subsidiaries*	*3,625*	*2,888*	*77%*	*55%*
Other assignments and services directly related to the statutory audit [1]				
– *BFCM*	*250*	*25*	*5%*	*0%*
– *Fully consolidated subsidiaries*	*77*	*235*	*2%*	*4%*
Sub-total	**4,087**	**3,269**	**87%**	**63%**
Other services provided by the networks to fully consolidated subsidiaries				
– *Legal, tax and employee-related*	*0*	*315*	*0%*	*6%*
– *Other*	*630*	*1,631*	*13%*	*31%*
Sub-total	**630**	**1,946**	**13%**	**37%**
Total	**4,717**	**5,215**	**100%**	**100%**

1. Other assignments and services directly related to the statutory audit essentially consisted of assignments taken at the request of the supervisory authority to ensure compliance of the organization and its processes with regulatory requirements.

The total audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated and individual financial statements of BFCM, mentioned in the table above, amounted to €6,272 thousand for the year 2011.

Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the Group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM
Year ended December 31, 2011

Report of the Statutory Auditors
on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December, 31, 2011 on:

- the audit of the accompanying consolidated financial statements of Banque Fédérative du Crédit Mutuel, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used to prepare the consolidated financial statements at December 31, 2011 were made in an incertain environment related to the public finance crisis in certain euro zone countries (and particularly Greece), combined with an economic crisis and a liquidity crisis, which makes an assessment of the economic outlook difficult. Against this backdrop, and in accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1 and 12 to the consolidated financial statements. We examined the control systems applied to these models and methods, the criteria used and the listing of the financial instruments to which they apply.

- In Note 7c, the Group details its exposure to sovereign risk, particularly Greek sovereign risk, along with the measurement and accounting procedures applied. We examined the control systems applicable to measurement of this exposure and to the estimate of credit risk, the accounting treatment used, and the appropriateness of the information provided in the above-mentionned note.
- The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.
- The Group carried out impairment tests on goodwill and investments held which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates which led, where applicable, to impairment losses.
- The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1, 8a, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment.
- The Group recognizes deferred tax assets, in particular for tax loss carry-forwards (Notes 1 and 13b to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.
- The Group records provisions for employee benefit obligations (Notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

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

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

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

Paris-La Défense, April 19, 2012
French original signed by
The Statutory Auditors

KPMG Audit *A unit of KPMG S.A.* Jean-François Dandé	ERNST & YOUNG et Autres Isabelle Santenac