

Notes to the consolidated financial statements (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 Caisses de Crédit Mutuel CM10, CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banque Marocaine du Commerce Extérieur and all specialist 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 rate 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 cannot be attributed to another business line (holding) and units that provide solely logistical support: intermediate holding companies, as well as specific entities holding real estate used for operations and IT entities.

Each consolidated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the 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

Assets 2011

	Retail banking	Insurance
Cash, central banks, post office banks - Assets	2,253	0
Financial assets at fair value through profit or loss	130	12,523
Hedging derivative instruments – Assets	354	0
Available-for-sale financial assets	815	45,254
Loans and receivables due from credit institutions	23,601	13
Loans and receivables due from customers	240,030	251
Held-to-maturity financial assets	64	10,276
Equity-accounted investments	779	398

Liabilities 2011

	Retail banking	Insurance
Cash, central banks, post office banks - Liabilities	0	0
Financial liabilities at fair value through profit or loss	87	1,972
Hedging derivative instruments - Liabilities	1,279	0
Due to credit institutions	(0)	(0)
Due to customers	170,563	84
Debt securities	33,280	0

Assets 2010

	Retail banking	Insurance
Cash, central banks, post office banks - Assets	1,774	0
Financial assets at fair value through profit or loss	190	12,196
Hedging derivative instruments - Assets	(17)	0
Available-for-sale financial assets	943	47,032
Loans and receivables due from credit institutions	20,307	16
Loans and receivables due from customers	206,183	264
Held-to-maturity financial assets	68	9,736
Equity-accounted investments	596	325

Liabilities 2010

	Retail banking	Insurance
Cash, central banks, post office banks - Liabilities	0	0
Financial liabilities at fair value through profit or loss	74	2,154
Hedging derivative instruments - Liabilities	1,026	0
Due to credit institutions	0	0
Due to customers	130,829	57
Debt securities	22,112	0

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
1,490	985	0	1,579	6,307
23,201	150	1,804	255	38,063
116	4	0	460	935
21,650	3,755	8	721	72,204
11,961	2,946	9	73	38,603
16,441	7,124	0	59	263,906
362	6	0	5,413	16,121
0	1	0	494	1,671

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
0	282	0	0	282
28,817	133	0	0	31,009
2,656	461	0	(473)	3,923
36,422	0	(0)	0	36,422
6,045	14,609	0	8,786	200,086
53,911	36	0	(0)	87,227

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
3,978	449	0	1,016	7,217
26,782	113	1,653	295	41,229
(202)	8	0	347	135
22,614	4,816	3	1,120	76,529
15,252	4,437	6	95	40,113
16,641	5,629	0	588	229,304
339	6	0	585	10,733
0	1	0	559	1,481

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
0	44	0	0	44
32,161	162	0	0	34,551
1,561	423	0	63	3,073
27,506	344	0	0	27,850
6,744	13,621	0	12,215	163,467
70,231	32	0	2,659	95,035

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

December 31st, 2011

	Retail banking	Insurance	Financing and capital markets
Net banking income	9,206	967	885
General operating expenses	- 5,484	- 351	- 256
Gross operating income	3,722	615	630
Net additions to/reversals from provisions for loan losses	- 879	- 44	- 149
Net gains (losses) on disposal of other assets	36	44	
Net income before tax	2,879	615	481
Corporate income tax	- 926	- 194	- 181
Net income	1,953	421	300
Non-controlling interests			
Net income attributable to the Group			

December 31st, 2010

	Retail banking	Insurance	Financing and capital markets
Net banking income	8,401	1,198	1,074
General operating expenses	- 4,890	- 367	- 262
Gross operating income	3,511	831	812
Net additions to/reversals from provisions for loan losses	- 1,154	0	- 32
Net gains (losses) on disposal of other assets	30	- 3	0
Net income before tax	2,388	828	780
Corporate income tax	- 800	- 144	- 190
Net income	1,588	684	590
Non-controlling interests			
Net income attributable to the Group			

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
432	93	27	- 557	11,053
- 317	- 34	- 1,057	557	- 6,942
115	59	- 1,030	0	4,112
- 43	0	- 342		- 1,456
13	0	- 30		62
86	59	- 1,402	0	2,718
- 18	- 2	408		- 913
68	57	- 994	0	1,805
				182
				1,623

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
404	191	103	- 482	10,889
- 320	- 35	- 963	482	- 6,355
84	155	- 860		4,533
- 15	0	- 105		- 1,305
1	0	- 32		- 3
71	155	- 997		3,225
- 8	- 3	261		- 884
62	153	- 737		2,341
				380
				1,961

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

Assets

	December 31st, 2011		
	France	Europe excluding France	Rest of the world ¹
Cash, central banks, post office banks – Assets	2,766	2,050	1,490
Financial assets at fair value through profit or loss	36,149	929	985
Hedging derivative instruments – Assets	927	6	2
Available-for-sale financial assets	66,455	4,931	818
Loans and receivables due from credit institutions	33,080	3,387	2,136
Loans and receivables due from customers	238,611	21,966	3,329
Held-to-maturity financial assets	16,115	6	0
Equity-accounted investments	812	303	556

Liabilities

	December 31st, 2011		
	France	Europe excluding France	Rest of the world ¹
Cash, central banks, post office banks – Liabilities	0	282	0
Financial liabilities at fair value through profit or loss	30,425	353	230
Hedging derivative instruments – Liabilities	3,414	466	43
Due to credit institutions	19,550	9,757	7,115
Due to customers	176,428	23,029	629
Debt securities	86,276	464	488

1. USA, Singapore, Tunisia and Morocco.

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

	December 31st, 2011		
	France	Europe excluding France	Rest of the world ¹
Net banking income ²	8,944	1,861	249
General operating expenses	- 5,606	- 1,267	- 68
Gross operating income	3,337	593	181
Net additions to/reversals from provisions for loan losses	- 1,024	- 429	- 3
Net gains (losses) on disposal of other assets ³		3	42
Net income before tax	2,331	168	220
Net income	1,549	116	141
Net income attributable to the Group	1,421	71	131

1. USA, Singapore, Tunisia and Morocco.

2. In 2011, 22% of the net banking income (excluding logistics and holding business line) came from foreign operations.

3. Including net income of associates and impairment losses on goodwill.

December 31st, 2010				
Total	France	Europe excluding France	Rest of the world ¹	Total
6,307	2,074	1,166	3,977	7,217
38,063	38,562	1,080	1,586	41,229
935	124	10	1	135
72,204	69,099	6,189	1,241	76,529
38,603	32,330	4,841	2,942	40,113
263,906	204,849	21,371	3,084	229,304
16,121	10,727	6	0	10,733
1,671	840	173	468	1,481

December 31st, 2010				
Total	France	Europe excluding France	Rest of the world ¹	Total
282	0	44	0	44
31,009	32,843	1,518	190	34,551
3,923	2,623	426	23	3,073
36,422	10,596	13,486	3,768	27,850
200,086	140,005	22,539	924	163,467
87,227	77,244	9,985	7,805	95,035

December 31st, 2010				
Total	France	Europe excluding France	Rest of the world ¹	Total
11,053	8,534	2,011	343	10,889
- 6,942	- 4,952	- 1,330	- 74	- 6,356
4,111	3,582	681	269	4,533
- 1,456	- 524	- 602	- 180	- 1,305
62	- 25	- 12	33	- 3
2,718	3,034	68	122	3,225
1,805	2,172	58	110	2,341
1,623	1,853	10	98	1,961

Note 3 Scope of consolidation

	December 31st, 2011			December 31st, 2010		
	% Control	% Interest	Method ¹	% Control	% Interest	Method ¹
Banking network						
Banque de l'Economie du Commerce et de la Monétique	100	99	FC	96	92	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	99	FC	100	96	FC
CIC Ouest	100	93	FC	100	89	FC
CIC Nord-Ouest	100	93	FC	100	89	FC
Caisse Agricole du Crédit Mutuel	100	100	FC	100	100	FC
Crédit Industriel et Commercial (CIC)	94	93	FC	93	89	FC
CIC Est	100	93	FC	100	89	FC
CIC Iberbanco	100	99	FC	100	96	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	89	FC
CIC Sud-Ouest	100	93	FC	100	89	FC
Targobank AG & Co. KGaA	100	99	FC	100	96	FC
Targobank Spain (former Banco Popular Hipotecario)	50	49	PC	50	48	PC
Banking network subsidiaries						
Banque de Tunisie	20	20	EM	20	19	EM
Banque du Groupe Casino	50	49	PC			NC
Banque Marocaine du Commerce Extérieur (BMCE)	25	24	EM	25	24	EM
Banca Popolare di Milano	7	6	EM	5	4	EM
Caisse Centrale du Crédit Mutuel	49	49	EM	26	26	ME
CM-CIC Asset Management	89	90	FC	84	80	FC
CM-CIC Bail	100	93	FC	100	89	FC
CM-CIC Home Loans SFH	100	99	FC	100	96	FC
CM-CIC Epargne salariale	100	93	FC	100	89	FC
CM-CIC Gestion	100	93	FC	100	89	FC
CM-CIC Laviolette Financement	100	89	FC	100	89	FC
CM-CIC Lease	100	96	FC	100	92	FC
CM-CIC Leasing Benelux	100	93	FC	100	89	FC
CM-CIC Leasing GmbH	100	93	FC	100	89	FC
Cofidis Argentina	66	28	FC	66	22	FC
Cofidis Belgium	100	42	FC	100	33	FC
Cofidis Spain			MER	100	33	FC
Cofidis France	100	42	FC	100	33	FC
Cofidis Italia	100	42	FC	100	33	FC
Cofidis Czech Republic	100	42	FC	100	33	FC
Cofidis Romania			NC	100	33	FC
Cofidis Slovakia	100	42	FC	100	33	FC
Creatis	100	42	FC	100	33	FC
C2C	100	42	FC	100	33	FC
Factocic	96	91	FC	85	79	FC
FCT CM-CIC Home Loans	100	99	FC	100	96	FC
Monabanq	100	42	FC	100	33	FC
Saint-Pierre SNC	100	93	FC	100	89	FC
SCI La Tréflière	100	99	FC	100	98	FC
Sofim	100	93	FC	100	89	FC
Sofemo – Société Fédérative Europ. de Monétique et de Financement	100	97	FC	100	93	FC
Targo Dienstleistungs GmbH	100	99	FC	100	96	FC
Targo Finanzberatung GmbH	100	99	FC	100	96	FC

	December 31st, 2011			December 31st, 2010		
	% Control	% Interest	Method ¹	% Control	% Interest	Method ¹
Financing and capital markets banks						
Banque Fédérative du Crédit Mutuel	99	99	FC	96	96	FC
Cigogne Management	100	95	FC	100	92	FC
CM-CIC Securities	100	93	FC	100	89	FC
Diversified Debt Securities SICAV - SIF	100	94	FC	100	91	FC
Divhold	100	94	FC	100	91	FC
Ventadour Investissement	100	99	FC	100	96	FC
Private banking						
Agefor SA Genève	70	65	FC	70	62	FC
Alternative Gestion SA Genève	45	58	EM	45	55	EM
Banque de Luxembourg	100	94	FC	100	91	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	47	FC
Banque Pasche Monaco SAM	100	93	FC	100	89	FC
Banque Transatlantique	100	93	FC	100	89	FC
Banque Transatlantique Belgium	100	92	FC	100	87	FC
Banque Transatlantique Luxembourg	90	90	FC	90	85	FC
Banque Transatlantique Singapore Private Ltd	100	93	FC	100	89	FC
Calypso Management Company	70	65	FC	70	62	FC
Banque Pasche	100	93	FC	100	89	FC
CIC Suisse	100	93	FC	100	89	FC
Dubly-Douilhet	63	58	FC	63	56	FC
GPK Finance			MER	100	89	FC
LRM Advisory SA	70	65	FC	70	62	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	89	FC
Pasche Finance SA Fribourg	100	93	FC	100	89	FC
Pasche Fund Management Ltd	100	93	FC	100	89	FC
Pasche International Holding Ltd	100	93	FC	100	89	FC
Pasche SA Montevideo	100	93	FC	100	89	FC
Serficom Brasil Gestao de Recursos Ltda	50	47	FC	52	45	FC
Serficom Family Office Inc	100	93	FC	100	89	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	52	48	FC	52	46	FC
Serficom Family Office SA	100	93	FC	100	89	FC
Serficom Investment Consulting (Shanghai)	100	93	FC	100	89	FC
Serficom Maroc SARL	100	93	FC	100	89	FC
Transatlantique Gestion	100	93	FC	100	89	FC
Valeroso Management Ltd	100	93	FC	100	89	FC
Private equity						
CM-CIC Investissement (formerly CIC Banque de Vizille)	100	93	FC	98	87	FC
CM-CIC Capital Finance (formerly CIC Finance)	100	93	FC	100	89	FC
CIC Investissement			MER	100	89	FC
CIC Vizille Participations			NC	100	87	FC
Financière Voltaire			MER	100	89	FC
Institut de Participations de l'Ouest (IPO)			MER	100	89	FC
IPO Ingénierie			MER	100	89	FC
Sudinnova	66	61	FC	63	55	FC
CM-CIC Conseil (formerly Vizille Capital Finance)	100	93	FC	100	87	FC
CM-CIC Capital Innovation (formerly Vizille Capital Innovation)	100	93	FC	100	87	FC

	December 31st, 2011			December 31st, 2010		
	% Control	% Interest	Method ¹	% Control	% Interest	Method ¹
Logistics and holding compagny						
Actimut	100	100	FC	0	0	NC
Adepi	100	93	FC	100	89	FC
Carmen Holding Investissement	84	82	FC	67	64	FC
CIC Migrations	100	93	FC	100	89	FC
CIC Participations	100	93	FC	100	89	FC
Cicor	100	93	FC	100	89	FC
Cicoval	100	93	FC	100	89	FC
CM Akquisitions	100	99	FC	100	96	FC
CM-CIC Services	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de paiement	59	61	FC	50	49	FC
Cofidis Participations	51	42	FC	51	33	FC
Est Bourgogne Rhône-Alpes (EBRA)	100	99	FC	100	96	FC
Efsa	100	93	FC	100	89	FC
Euro-Information	79	78	FC	73	71	FC
Euro-Information Développement	100	78	FC	100	71	FC
EIP	100	100	FC	100	100	FC
Euro-Protection Services	100	83	FC	100	72	FC
Euro-Protection Surveillance	100	83	FC			NC
France Est	100	99	FC			NC
Gesteurop	100	93	FC	100	89	FC
Gestunion 2	100	93	FC	100	89	FC
Gestunion 3	100	93	FC	100	89	FC
Gestunion 4	100	93	FC	100	89	FC
Groupe Républicain Lorrain – GRIC	100	99	FC	100	96	FC
Impex Finance	100	93	FC	100	89	FC
L'Est Républicain	92	90	FC			NC
Marsovalor	100	93	FC	100	89	FC
NRJ Mobile	95	74	FC	90	64	FC
Pargestion 2	100	93	FC	100	89	FC
Pargestion 4	100	93	FC	100	89	FC
Placinvest	100	93	FC	100	89	FC
Société Civile de Gestion des Parts dans L'Alsace – SCGPA	100	99	FC	100	98	FC
Société française d'édition de journaux et d'imprimés commerciaux L'Alsace – SFEJIC	99	97	FC	99	95	FC
Sofiholding 2	100	93	FC	100	89	FC
Sofiholding 3	100	93	FC	100	89	FC
Sofiholding 4	100	93	FC	100	89	FC
Sofinaction	100	93	FC	100	89	FC
Targo Akademie	100	99	FC	100	96	FC
Targo Deutschland GmbH	100	99	FC	100	96	FC
Targo IT Consulting GmbH	100	99	FC	100	96	FC
Targo Management AG	100	99	FC	100	96	FC
Targo Realty Services GmbH	100	99	FC	100	96	FC
Ufigestion 2	100	93	FC	100	89	FC
Ugépar Service	100	93	FC	100	89	FC
Valimar 2	100	93	FC	100	89	FC
Valimar 4	100	93	FC	100	89	FC
VTP 1	100	93	FC	100	89	FC
VTP 5	100	93	FC	100	89	FC

	December 31st, 2011			December 31st, 2010		
	% Control	% Interest	Method ¹	% Control	% Interest	Method ¹
Insurance companies						
ACM GIE	100	84	FC	100	72	FC
ACM IARD	96	81	FC	96	70	FC
ACM Nord IARD	49	41	EM	49	35	EM
ACM Services	100	84	FC	100	72	FC
ACM Vie	100	84	FC	100	72	FC
ACM Vie, Société d'Assurance Mutuelle	100	100	FC	100	100	FC
Astree	30	25	EM	30	22	EM
Atlancourtage	100	84	FC			NC
Groupe des Assurances du Crédit Mutuel (GACM)	86	84	FC	77	72	FC
ICM Life	100	84	FC	100	72	FC
ICM Ré			NC	100	70	FC
Immobilière ACM	100	84	FC	100	72	FC
MTRL	100	100	FC	100	100	FC
Partners	100	84	FC	100	72	FC
Procourtage	100	84	FC	100	72	FC
RMA Watanya	22	18	EM	22	16	EM
Serenis Assurances	100	84	FC	100	72	FC
Serenis Vie	100	84	FC	100	72	FC
Royal Automobile-Club de Catalogne	49	41	EM	49	35	EM
Voy Mediación	90	74	FC			NC
Other companies						
Affiches d'Alsace-Lorraine	100	88	FC			NC
Agence générale d'informations régionales	100	95	FC	49	47	EM
Alsace Média Participation	100	88	FC			NC
Alsace Publicité			NC	100	95	FC
Alsatic	80	70	FC			NC
Alsacienne de portage des DNA	100	88	FC			NC
A. Télé	69	48	FC			NC
Cime & mag	100	97	FC	100	95	FC
CM-CIC Immobilier	99	99	FC			
Dernières Nouvelles d'Alsace	99	88	FC			NC
Dernières Nouvelles de Colmar	100	88	FC			NC
Distripub	100	97	FC	100	95	FC
Documents AP	100	99	FC	100	96	FC
Est Imprimerie	100	95	FC	100	93	FC
Est Bourgogne Médias	100	99	FC			NC
Europe Régie	66	64	FC	66	62	FC
France Régie	100	88	FC			NC
Groupe Le Progrès	100	99	FC	100	96	FC
Groupe Républicain Lorrain Imprimeries – GRLI	100	99	FC	100	96	FC
Immocity	100	99	FC	100	96	FC
Imprimerie Michel	100	99	FC	100	96	FC
Interprint	100	99	FC	100	96	FC
Jean Bozzi Communication	100	99	FC	100	96	FC
Journal de la Haute-Marne	50	45	EM			NC
La Liberté de l'Est	96	91	FC	49	47	EM
La Tribune	100	99	FC	100	96	FC
L'Alsace	100	97	FC	100	95	FC

	December 31st, 2011			December 31st, 2010		
	% Control	% Interest	Method ¹	% Control	% Interest	Method ¹
L'Alsace Magazines Editions – L'Ame	100	97	FC	100	95	FC
Le Bien Public			MER	100	96	FC
Le Dauphiné Libéré	100	99	FC	100	96	FC
Le Républicain Lorrain	100	99	FC	100	96	FC
Les Editions de l'Echiquier	100	97	FC	100	95	FC
Le Journal de Saône-et-Loire			MER	100	96	FC
Lumedia	50	49	PC	50	48	PC
Massena Property	100	84	FC	100	72	FC
Massimob	100	81	FC	100	70	FC
Mediaportage	100	97	FC	100	95	FC
Presse Diffusion	100	99	FC	100	96	FC
Promopresse	100	99	FC	100	96	FC
Publicité Moderne	100	90	FC			NC
Publiprint Dauphiné	100	99	FC	100	96	FC
Publiprint Province n° 1	100	99	FC	100	96	FC
Républicain Lorrain – TV news	100	99	FC	100	96	FC
Républicain Lorrain Communication	100	99	FC	100	96	FC
Républicain Lorrain Voyages	100	99	FC	100	96	FC
Roto Offset Imprimerie	100	97	FC	100	95	FC
SCI ADS	100	84	FC	100	72	FC
SCI Alsace	90	88	FC	90	85	FC
SCI Ecriture	100	97	FC	100	95	FC
SCI Gutenberg	100	99	FC	100	96	FC
SCI Le Progrès Confluence	100	99	FC	100	96	FC
SCI Roseau d'or	100	97	FC	100	95	FC
SDV Plurimédia	20	18	EM			NC
Foncière Massena	100	83	FC	78	56	FC
Société Alsacienne de Presse et d'Audiovisuelle	60	53	FC			NC
Société d'édition de l'hebdomadaire du Louhannais et du Jura	100	99	FC			NC
Société d'édition des hebdomadaires et périodiques locaux	100	98	FC	100	95	FC
Sofiliest	100	95	FC	49	47	EM
Société de Presse Investissement (SPI)	100	89	FC			NC
Top Est 88	100	46	FC			NC

1. Method:

FC = Full consolidation.

PC = Proportionate consolidation.

EM = Equity method.

NC = Not consolidated.

MER = Merged.

Note 4 Cash, central banks

Note 4a Loans and receivables due from credit institutions

	December 31st, 2011	December 31st, 2010
Cash and amounts due from central banks		
Due from central banks	5,431	6,399
– including reserve requirements	1,898	1,668
Cash	875	818
Total	6,307	7,217
<i>Total on a comparable basis</i>	<i>6,202</i>	
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts ¹	19,186	13,283
Other current accounts	1,820	4,561
Loans	7,105	7,222
Other receivables	4,451	7,405
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	439	301
Impairment provisions	- 310	- 350
Total	38,603	40,113
<i>Total on a comparable basis</i>	<i>38,517</i>	

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 31st, 2011	December 31st, 2010
Due from central banks	282	44
Due to credit institutions		
Crédit Mutuel network accounts	0	0
Other current accounts	1,477	3,563
Borrowings	27,597	17,295
Other	4,692	2,870
Repurchase agreements	2,573	4,052
Accrued interest	83	69
Total	36,704	27,894
<i>Total on a comparable basis</i>	<i>34,944</i>	

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 31st, 2011			December 31st, 2010		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	13,860	14,745	28,605	15,931	14,329	30,260
– Government securities	1,409	24	1,433	2,766	30	2,796
– Bonds and other fixed-income securities	11,977	3,172	15,149	11,994	3,790	15,784
Listed	11,977	3,083	15,060	11,994	3,743	15,737
Unlisted	0	88	88	0	48	48
– Equities and other variable-income securities	473	11,550	12,023	1,171	10,509	11,680
Listed	473	9,822	10,295	1,171	8,933	10,104
Unlisted	0	1,728	1,728	0	1,575	1,575
Trading derivative instruments	2,359	0	2,359	2,521	0	2,521
Other financial assets including resale agreements		7,100	7,100		8,448	8,448
		7,096	7,096		8,448	8,448
Total	16,219	21,845	38,063	18,451	22,778	41,229
<i>Total on a comparable basis</i>			38,063			

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

	December 31st, 2011	December 31st, 2010
Financial liabilities held for trading	6,642	7,312
Financial liabilities at fair value by option through profit or loss	24,367	27,239
Total	31,009	34,551
<i>Total on a comparable basis</i>	31,008	

Own credit risk is insignificant.

◆ Financial liabilities held for trading

	December 31st, 2011	December 31st, 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
Repurchase agreements		
Trading derivative instruments	4,752	4,687
Other financial liabilities held for trading	802	760
Total	6,642	7,312
<i>Total on a comparable basis</i>	6,641	

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

	December 31st, 2011			December 31st, 2010		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	60	60	0	473	472	1
Subordinated debt	0	0	0	0	0	0
Interbank liabilities	23,691	23,679	12	25,615	25,609	6
Due to customers	615	615	0	1,151	1,151	0
Total	24,367	24,354	13	27,239	27,232	7
<i>Total on a comparable basis</i>	<i>24,367</i>	<i>24,354</i>	<i>13</i>			

Note 5c Fair value hierarchy

	December 31st, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	68,939	1,552	1,713	72,204
– Government and similar securities, AFS	15,031	315	0	15,346
– Bonds and other fixed-income securities, AFS	47,316	1,201	566	49,083
– Equities and other variable-income securities, AFS	5,327	0	166	5,493
– Investments in non-consolidated companies and other LT investments, AFS	1,234	9	567	1,810
– Investments in associates, AFS	32	26	415	473
Held for trading/Fair value option (FVO)	22,787	12,517	2,759	38,063
– 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	2,727	441	4	3,172
– Equities and other securities, held for trading	459	0	14	473
– Equities and other securities, FVO	9,462	416	1,672	11,550
– 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 liabilities, held for trading	37	2,170	152	2,359
Hedging derivative instruments	0	923	12	935
Total	91,728	14,991	4,485	111,204

December 31st, 2011				
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading/Fair value option (FVO)	1,929	29,016	64	31,009
– Due to credit institutions, FVO	0	23,691	0	23,691
– 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	4,649	64	6,642
Hedging derivative instruments	0	2,941	982	3,923
Total	1,929	31,956	1,046	34,931

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 31st, 2010 were transferred to level 2 as of December 31st, 2011, as a result of revising the market value of a liquidity factor used for valuation.

Level 3 details

	Opening balance	Purchases	Sales	Gains and losses recognized in profit	Other movements	Closing balance
Equities and other variable-income securities, FVO	1,569	429	- 383	40	17	1,672

Note 6 Hedging

Note 6a Hedging derivative instruments

	December 31st, 2011		December 31st, 2010	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	5	44	4	45
Fair value hedges (change in value recognized through profit or loss)	929	3,879	131	3,028
Total	935	3,923	135	3,073
<i>Total on a comparable basis</i>	<i>935</i>	<i>3,921</i>		

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

	Fair value December 31st, 2011	Fair value December 31st, 2010	Change in fair value
Fair value of interest-rate by investment category			
Financial assets	738	594	144
Financial liabilities	- 2,813	- 1,963	- 850

Note 6c Analysis of derivative instruments

	December 31st, 2011			December 31st, 2010		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– Swaps	360,202	1,362	3,952	380,632	1,630	3,656
– Other forward contracts	8,394	4	1	10,704	4	0
– Options and conditional transactions	32,039	117	121	48,440	213	259
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	374	242	22,289	288	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	539,229	2,359	4,752	613,427	2,521	4,687
Hedging derivative instruments						
Fair value hedges						
– Swaps	74,351	929	3,879	67,075	131	3,028
– Other forward contracts	0	0	0	0	0	0
– Options and conditional transactions	5	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	74,513	935	3,923	67,077	135	3,073
Total	613,743	3,294	8,675	550,264	2,656	7,760
<i>Total on a comparable basis</i>	<i>595,656</i>	<i>3,294</i>	<i>8,663</i>			

Note 7a Available-for-sale financial assets

	December 31st, 2011	December 31st, 2010
Government securities	15,148	13,790
Bonds and other fixed-income securities	48,959	53,419
– Listed	48,237	52,953
– Unlisted	723	466
Equities and other variable-income securities	5,531	6,267
– Listed	5,349	6,094
– Unlisted	182	173
Long-term investments	2,244	2,741
– Investments in non-consolidated companies	1,529	1,648
– Other long-term investments	277	399
– Investments in associates	435	694
– Securities lent	3	0
Accrued interest	322	311
Total	72,204	76,529
<i>Total on a comparable basis</i>	<i>72,103</i>	
<i>Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity</i>	<i>- 1,314</i>	<i>- 651</i>
<i>Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity</i>	<i>385</i>	<i>437</i>
<i>Including impairment of bonds and other fixed-income securities</i>	<i>- 713</i>	<i>- 91</i>
<i>Including impairment of equities and other variable-income securities and long-term investments</i>	<i>- 2,286</i>	<i>- 1,743</i>

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 percentage 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 30th interim reporting date, the Group recognized impairment losses on Greek sovereign securities that were maintained as at December 31st, 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 21st, 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 31st, 2011 ¹	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)

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

◆ Other countries with a support plan

Net exposure at December 31st, 2011 ¹	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

1. 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 31st, 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 31st, 2011	December 31st, 2010
Performing loans	251,674	217,497
Commercial loans	5,158	4,326
Other customer loans	245,553	212,242
– Home loans	137,216	115,258
– Other loans and receivables, including resale agreements	108,337	96,984
Accrued interest	592	512
Securities not listed in an active market	371	417
Insurance and reinsurance receivables	167	170
Individually impaired receivables	11,154	10,756
Gross receivables	262,995	228,423
Individual impairment	- 6,896	- 6,719
Collective impairment	- 526	- 408
Sub-total ¹	255,573	221,296
Finance leases (net investment)	8,475	8,138
Furniture and movable equipment	5,315	5,263
Real estate	2,979	2,698
Individually impaired receivables	181	177
Provisions for impairment	- 142	- 130
Sub-total ²	8,333	8,008
Total	263,906	229,304
<i>Total on a comparable basis</i>	<i>237,294</i>	
<i>of which non-voting loan stock</i>	<i>10</i>	<i>28</i>
<i>of which subordinated notes</i>	<i>22</i>	<i>12</i>

◆ Finance leases with customers

	December 31st, 2010	Acquisition	Sale	Other	December 31st, 2011
Gross carrying amount	8,138	1,745	- 1,436	28	8,475
Impairment of irrecoverable rent	- 130	- 43	31	0	- 142
Net carrying amount	8,008	1,702	- 1,405	27	8,333

◆ 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	13	397

Note 8b Amounts due to customers

	December 31st, 2011	December 31st, 2010
Regulated savings accounts	81,566	59,412
– demand	56,408	38,479
– term	25,159	20,933
Accrued interest on savings accounts	44	25
Sub-total	81,610	59,437
Demand deposits	59,368	54,579
Term accounts and loans	58,211	47,839
Repurchase agreements	151	684
Accrued interest	662	872
Insurance and reinsurance payables	84	57
Sub-total	118,476	104,030
Total	200,086	163,467
<i>Total on a comparable basis</i>	<i>177,026</i>	

Note 9 Held-to-maturity financial assets

	December 31st, 2011	December 31st, 2010
Securities	16,195	10,742
– Government securities	97	0
– Bonds and other fixed-income securities	16,098	10,742
Listed	11,178	10,713
Unlisted	4,920	29
– Accrued interest	13	2
Gross total	16,208	10,745
<i>Of which impaired assets</i>	<i>121</i>	<i>25</i>
Provisions for impairment	- 87	- 12
Net total	16,121	10,733
<i>Total on a comparable basis</i>	<i>16,121</i>	

Note 10 Movements in provisions for impairment

	December 31st, 2010	Additions	Reversals	Others ¹	December 31st, 2011
Loans and receivables due from credit institutions	- 350	- 3	51	- 8	- 310
Loans and receivables due from customers	- 7,256	- 1,691	1,766	- 383	- 7,564
Available-for-sale securities	- 1,834	- 1,151	15	- 30	- 2,999
Held-to-maturity securities	- 12	- 76	0	0	- 87
Total	- 9,451	- 2,921	1,832	- 421	- 10,960

1. Of which - 335 million euros related to newly consolidated.

At December 31st, 2011, provisions for loans and receivables due from customers amounted to 7,564 million euros (compared to 7,256 million euros at the end of 2010), of which collective provisions totaled 526 million euros. Individual provisions essentially relate to overdrawn current

accounts, for 929 million euros (compared to 915 million euros at the end of 2010), and to provisions for commercial and other loans (including home loans) for 5.967 million euros (compared to 5.804 million euros 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 1st, 2008 the Group reclassified 18.8 billion euros of investments from the trading securities portfolio into AFS (16.1 billion euros) investments and Loans and

receivables (2.7 billion euros), as well as 6.5 billion euros of AFS investments into Loans and receivables (5.9 billion euros) and HTM investments (0.6 billion euros). No other reclassification has occurred since that date.

	December 31st, 2011		December 31st, 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 31st, 2011	December 31st, 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 31st, 2011	December 31st, 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 31st, 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 31st, 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 13a Current income tax

	December 31st, 2011	December 31st, 2010
Asset (by income)	1,607	1,122
Liability (by income)	561	527

Note 13b Deferred income tax

	December 31st, 2011	December 31st, 2010
Asset (by income)	950	926
Asset (by shareholders' equity)	805	436
Liability (by income)	645	714
Liability (by shareholders' equity)	197	225

◆ Breakdown of deferred income tax by major categories

	December 31st, 2011		December 31st, 2010	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
– Deferred gains (losses) on available-for-sale securities	805	197	436	225
– Impairment provisions	572		544	
– Unrealized finance lease reserve		136		112
– Earnings of fiscally transparent (pass-through) companies		4		4
– Remeasurement of financial instruments	909	161	661	286
– Accrued expenses and accrued income	149	952	76	616
– Tax losses ^{1 2}	123		244	
– Insurance activities	31	192	39	232
– Other timing differences	111	144	10	112
Netting	- 944	- 944	- 648	- 648
Total deferred tax assets and liabilities	1,755	842	1,362	939

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 euros in 2011 and 176 million euros in 2010.

2. Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

Note 14a Accruals and other assets

	December 31st, 2011	December 31st, 2010
Accruals assets		
Collection accounts	604	479
Currency adjustment accounts	334	13
Accrued income	513	458
Other accruals	1,911	2,331
Sub-total	3,362	3,281
Other assets		
Securities settlement accounts	111	93
Guarantee deposits paid	7,646	6,154
Miscellaneous receivables	5,760	5,684
Inventories	42	33
Other	13	22
Sub-total	13,571	11,986
Other insurance assets		
Technical provisions, reinsurers' share	255	260
Other	84	83
Sub-total	339	343
Total	17,272	15,610
<i>Total on a comparable basis</i>	<i>17,031</i>	

Note 14b Accruals and other liabilities

	December 31st, 2011	December 31st, 2010
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	453	464
Currency adjustment accounts	349	275
Accrued expenses	874	871
Deferred income	1,623	1,334
Other accruals	2,514	6,101
Sub-total	5,814	9,043
Other liabilities		
Securities settlement accounts	84	75
Outstanding amounts payable on securities	53	70
Other payables	3,929	2,747
Sub-total	4,066	2,892
Other insurance liabilities		
Deposits and guarantees received	150	163
Sub-total	150	163
Total	10,030	12,098
<i>Total on a comparable basis</i>	<i>9,564</i>	

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	6.99%
Banque de Tunisie	Listed	20.00%
Banque Marocaine du Commerce Extérieur	Listed	24.64%
CCCM	Unlisted	49.46%
RMA Watanya	Unlisted	22.02%
Royal Automobile-Club de Catalogne	Unlisted	48.99%
Other	Unlisted	

Total

Total on a comparable basis

1. Goodwill relating to BPM (41 millions of euros) was written off in full during 2011.

◆ 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	3,142	148	56
Banque Marocaine du Commerce Extérieur ^{1 3}	187,187	7,552	1,426
CCCM	6,056	36	25
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 scrl 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 29st, 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 226 million, representing a 6.99% equity interest as at December 31st, 2011. At January 1st, 2011, the Group's interest in BPM was 4.99%. 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

December 31st, 2011				December 31st, 2010	
Investment value	Share of net income (loss)	Percent interest		Investment value	Share of net income (loss)
19	3	19.00%		17	1
18	- 1	30.00%		21	3
196	- 31	4.99%		174	1
52	6	20.00%		49	7
831	21	24.64%		833	15
192	4	25.90%		95	4
298	16	22.02%		210	8
62	- 13	48.99%		77	- 14
3	0			4	1
1,671	6			1,481	26
1,669	5				

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 28th, 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 196 millions of euros (net of any impairment losses). As a reminder, at December 31st, 2011 the BPM clo-

sing price on the Milan stock exchange was 31 euro cents and at February 23th, 2012 the opening price was 50 euro cents. The stock market value of the Group's interest in BPM was 70 million euros at December 31st, 2011 and 113 million euros at February 23th, 2012. As at September 30th, 2011, BPM's total assets reported in the consolidated financial statements (IFRS) stood at 51,927 million euros and shareholders' equity amounted to 3,795 million euros, including net income for the first nine months of 2011 of 49 million euros. On October 4th, 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 11th, 2012 with another subsidiary, Cassa di Risparmio di Alessandria SpA.

During 2011, the Group recognized in income, in addition to its 2 million euros 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 euros. Of this amount, - 42 million euros was recorded in NBI and - 31 million euros in "Share of net income (loss) of associates".

Note 16 Investment Property

	December 31st, 2010	Additions	Disposals	Other movements	December 31st, 2011
Historical cost	1,019	115	- 11	- 1	1,121
Accumulated depreciation and impairment losses	- 187	- 25	1	- 1	- 212
Net amount	832	89	- 10	- 2	909
<i>Total on a comparable basis</i>					909

The fair value of investment property carried at amortized cost was 1,270 million euros at December 31st, 2011.

Note 17a Property and equipment

	December 31st, 2010	Additions	Disposals	Other movements	December 31st, 2011
Historical cost					
Land used in operations	429	3	- 2	20	449
Buildings used in operations	3,620	199	- 50	350	4,120
Other property and equipment	2,174	209	- 191	105	2,298
Total	6,223	411	- 243	475	6,866
Accumulated depreciation and impairment losses					
Land used in operations	- 1	0	0	- 2	- 3
Buildings used in operations	- 1,844	- 201	41	- 184	- 2,188
Other property and equipment	- 1,575	- 180	141	- 121	- 1,734
Total	- 3,419	- 381	182	- 307	- 3,926
Net amount	2,803	30	- 61	168	2,940
<i>Total on a comparable basis</i>					2,764
Of which leased under finance leases					
Land used in operations	6				6
Buildings used in operations	81			- 5	76
Total	87	0	0	- 5	82

Note 17b Intangible assets

	December 31st, 2010	Additions	Disposals	Other movements	December 31st, 2011
Historical cost					
Internally developed intangible assets	14	1	- 1	0	15
Purchased intangible assets	1,529	71	- 31	101	1,670
– software	463	22	- 10	2	476
– other	1,066	49	- 20	99	1,194
Total	1,544	72	- 31	101	1,685

	December 31st, 2010	Acquisitions	Disposals	Other movements	December 31st, 2011
Accumulated depreciation and impairment losses					
Internally developed intangible assets					
Purchased intangible assets	- 537	- 151	16	- 9	- 682
– software	- 192	- 64	8	0	- 248
– other	- 345	- 87	8	- 9	- 433
Total	- 537	- 151	16	- 9	- 682
Net amount	1,006	- 79	- 15	92	1,004
<i>Total on a comparable basis</i>					919

Note 18 Goodwill

	December 31st, 2010	Acquisitions	Disposals	Other movements	December 31st, 2011
Goodwill, gross	4,360	120		0	4,480
Accumulated impairment losses	- 169		- 4	- 10	- 182
Net goodwill	4,192	120	- 4	- 10	4,298
<i>Total on a comparable basis</i>					4,298

Subsidiaries	Goodwill at December 31st, 2010	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31st, 2011
Targobank Germany	2,757	5			2,763
Crédit Industriel et Commercial (CIC)	497				497
Cofidis Participations	378				378
Targobank Spain (former Banco Popular Hipotecario)	183				183
NRJ Mobile	78				78
CIC Private Banking – Banque Pasche	52	1			52
Banque Casino	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	169	86	- 4	- 10	242
Total	4,192	120	- 4	- 10	4,298

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 31st, 2011	December 31st, 2010
Retail certificates of deposit	744	574
Interbank instruments and money market securities	46,601	63,220
Bonds	38,755	30,567
Accrued interest	1,128	673
Total	87,227	95,035
<i>Total on a comparable basis</i>	<i>86,983</i>	

Note 20 Insurance companies' technical provisions

	December 31st, 2011	December 31st, 2010
Life	57,542	56,983
Non-life	2,084	2,015
Unit of account	6,135	6,827
Other	199	193
Total	65,960	66,018
<i>Of which deferred profit-sharing liability</i>	<i>1,838</i>	<i>3,339</i>
Deferred profit-sharing asset	0	0
Reinsurers' share of technical reserves	255	260
Total net technical provisions	65,705	65,758
<i>Total on a comparable basis</i>	<i>65,705</i>	

Note 21 Provisions

	December 31st, 2010	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	December 31st, 2011
Provisions for risks	453	73	- 84	- 70	24	395
Signature commitments	144	47	- 10	- 46	4	139
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	137	15	- 6	- 19	20	147
Provision for risks on miscellaneous receivables	32	5	- 9	- 5	4	26
Other provisions	863	149	- 140	- 135	11	748
Provisions for home savings accounts and plans	124	0	- 9	- 33	23	105
Provisions for miscellaneous contingencies	461	83	- 118	- 78	17	365
Other provisions	279	66	- 13	- 24	- 30	278
Provisions for retirement benefits ¹	212	61	- 17	- 14	361	604
Retirement benefits defined benefit and equivalent, excluding pension funds						
Retirement bonuses ²	101	48	- 12	- 2	272	407
Supplementary retirement benefits	66	10	- 4	- 3	34	103
Long service awards (other long-term benefits)	33	3	- 1	- 7	55	82
Sub-total to statement of financial position	199	61	- 17	- 12	361	592
Supplementary retirement benefit defined benefit, provided by Group's pension funds						
Provisions for pension fund shortfalls ³ <i>Fair value of plan assets</i>	13	0	0	- 2	- 2	11
Sub-total to statement of financial position	13	0	0	- 2	- 2	11
Total	1,529	283	- 241	- 219	395	1,747
<i>Total on a comparable basis</i>						<i>1,667</i>

◆ Assumptions

	December 31st, 2011	December 31st, 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 31st, 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 CM10-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 31st, 2010 ¹	Discounted amount	Financial income	Cost of services performed
Commitments	395	13		28
Amortization	- 64			
Insurance contract	2		0	
Provisions	329	13	0	28

1. Employee-related liability amounts as at December 31st, 2010 which were covered by insurance contracts within the Group were reclassified from "Insurance technical provisions" to "Provisions".

◆ **Provisions for home savings accounts and plans signature risk**

	December 31st, 2011	December 31st, 2010
Home savings plan outstandings		
Seniority under 10 years	13,766	9,903
Seniority over 10 years	4,441	4,231
Total	18,207	14,134
Savings account outstandings	2,952	2,424
Total home savings accounts and plans	21,159	16,557

Home savings loans

	December 31st, 2011	December 31st, 2010
Outstandings home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	823	726

Provisions for home savings accounts and plans

	Opening balance	Net additions /reversals	Other movements ¹	Closing balance
On home savings accounts	36	4	8	48
On home savings plans	66	(40)	8	34
On home savings loans	22	(5)	6	23
Total	124	(41)	22	105

Analysis of provisions on home savings plans by seniority

	Opening balance	Net additions /reversals	Other movements ¹	Closing balance
Seniority under 10 years	43	(36)	5	12
Seniority over 10 years	23	(4)	3	22
Total	66	(40)	8	34

1. Impacts related to newly consolidated entities.

Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Insurance premiums	Other	December 31st, 2011
4	16	- 31		38	463
11					- 53
		0	0	1	3
15	16	- 31	0	37	407

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 31st, 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 debts

	December 31st, 2011	December 31st, 2010
Subordinated notes	4,947	5,182
Non-voting loan stock	39	54
Perpetual subordinated notes	1,463	1,695
Other debts	19	130
Accrued interest	96	94
Total	6,563	7,155
<i>Total on a comparable basis</i>	<i>6,547</i>	

◆ Main subordinated debt issues

	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	Perpetual 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 28th, 1997 at 130% of par revalued by 1.5% annually for subsequent years.

4. 10-year CMS ISDA CIC + 10 basis points.

5. 10-year CMS ISDA + 10 basis points.

6. Fixed-rate 4.471 until October 28st, 2015 and there after 3-month Euribor + 185 basis points.

Issue date	Amount issued	Amount at December 31st, 2011 ¹	Rate	Maturity
July 19th, 2001	700 million euros	700 million euros	6,50	July 19th, 2013
September 30th, 2003	800 million euros	800 million euros	5,00	September 30th, 2015
December 18th, 2007	300 million euros	300 million euros	5,10	December 18th, 2015
June 16th, 2008	300 million euros	300 million euros	5,50	June 16th, 2016
December 16th, 2008	500 million euros	500 million euros	6,10	December 16th, 2016
December 6th, 2011	1,000 million euros	1,000 million euros	5,30	December 6th, 2018
October 22nd, 2010	1,000 million euros	1,000 million euros	4,00	October 22nd, 2020
May 28th, 1985	137 million euros	21 million euros	²	³
December 15th, 2004	750 million euros	749 million euros	⁴	Perpetual
February 25th, 2005	250 million euros	250 million euros	⁵	Perpetual
April 28th, 2005	600 million euros	390 million euros	⁶	Perpetual

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

	December 31st, 2011	December 31st, 2010
Capital stock and additional paid-in capital and reserves	5,596	5,139
– Capital	5,596	5,139
– Premium relating to issue, transfer, merger, split, conversion	0	0
Consolidated reserves	17,878	13,698
– Regulated reserves	7	6
– Translation reserves	20	5
– Other reserves (including effects related to first application of standards)	17,813	13,616
– Retained earnings	38	70
Net income	1,623	1,961
Total	25,097	20,799

◆ **Share capital of the Caisses de Crédit Mutuel**

The Caisses de Crédit Mutuel have a share capital consisting of:

- unassignable "Parts A" type shares,
- marketable "Parts B" type shares,
- "Parts P" type priority interest-bearing shares.

"Parts B" may only be subscribed by members holding at least one "Part A". The articles of association of the local Caisses limit the subscription of "Parts B" per member to 50,000 euros (with the exception of the reinvestment of dividends paid in "Parts B"). The capital may not be less, following the withdrawal of contributions, than one quarter of the highest amount reached by the capital in the past. If this limit were to be reached, the reimbursement of the shares would be suspended.

The "Parts B" repurchase system differs according to whether they were subscribed before or after December 31st, 1988:

- shares subscribed before December 31st, 1988 may be reimbursed at the member's request for the January 1st, of each year. This reimbursement, which takes place subject to compliance with the regulations concerning the reduction of the capital, is subject to at least 3 months' notice;

– shares subscribed after January 1st, 1989 may be reimbursed at the member's request with 5 years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the regulations concerning the reduction of the capital.

The Caisse may, after a decision by the Board of Directors and in agreement with the Supervisory Board, and in the same conditions, reimburse all or a part of the shares in this category.

Moreover, the Caisse régional du Crédit Mutuel de Normandie and the Caisse Crédit Mutuel "Cautionnement Mutuel de l'Habitat", a mutual loan security company, has been issuing priority interest-bearing shares known as "Parts P" since 1999. The subscription of "Parts P" is reserved for the distributors of secured loans outside the CM10 Group.

At December 31st, 2011, the capital of the Caisses de Crédit Mutuel broke down as follows:

- 175.8 million euros of "Parts A" type shares, as against 133.2 million euros on December 31st, 2010,
- 5,372.9 million euros of "Parts B" type shares, as against 4,915.5 million euros on December 31st, 2010,
- 47,4 million euros of "Parts P" type shares, as against 90.7 million euros on December 31st, 2010.

Note 23b Unrealized or deferred gains and losses

	December 31st, 2011	December 31st, 2010
Unrealized or deferred gains and losses ¹ relating to:		
Available-for-sale financial assets		
– Equities	385	437
– Bonds	- 1,314	- 651
Cash flow hedges	- 105	- 89
Share of unrealized or deferred gains and losses of associates	- 14	4
Total	- 1,048	- 298
Attributable to the Group	- 988	- 291
Non-controlling interests	- 60	- 7

1. Net of tax.

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

	December 31st, 2011	December 31st, 2010
	Movements	Movements
Translation adjustments		
Reclassification in income	0	0
Other movements	- 5	0
Sub-total	- 5	0
Remeasurement of available-for-sale financial assets		
Reclassification in income	- 143	- 131
Other movements	- 908	- 139
Sub-total	- 766	- 270
Remeasurement of hedging derivative instruments		
Reclassification in income	0	0
Other movements	- 16	- 45
Sub-total	- 16	- 45
Revaluation of the fixed assets		
Actuarial deviations on defined benefit plans		
Share of unrealized or deferred gains and losses of associates	- 18	4
Total	- 805	- 311

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

	Changes December 31st, 2011			Changes December 31st, 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	- 1,129	363	- 766	- 316	47	- 270
Remeasurement of hedging derivative instruments	- 19	2	- 16	- 46	0	- 45
Share of unrealized or deferred gains and losses of associates	- 18	0	- 18	4	0	4
Total gains and losses recognized directly in shareholders' equity	- 1,170	366	- 805	- 358	47	- 311

Note 24 Commitments given and received

◆ Commitments given

	December 31st, 2011	December 31st, 2010
Financing commitments		
To credit institutions	1,626	1,721
To customers	52,107	49,014
Guarantee commitments		
To credit institutions	2,265	6,217
To customers	13,677	10,765
Commitments on securities		
Other commitments given	440	892
Commitments given by insurance business line	316	324

◆ Commitments received

	December 31st, 2011	December 31st, 2010
Financing commitments		
From credit institutions	20,665	22,810
From customers	0	0
Guarantee commitments		
From credit institutions	30,925	27,890
From customers	7,487	5,446
Commitments on securities		
Other commitments received	31	601
Commitments received by insurance business line	6,751	7,766

◆ Assets pledged as collateral for liabilities

	December 31st, 2011	December 31st, 2010
Loaned securities	5	0
Security deposits on market transactions	7,646	6,154
Securities sold under repurchase agreements	26,758	30,561
Total	34,409	36,715

Note 25 Interest income, interest expense and equivalent

	December 31st, 2011		December 31st, 2010	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,350	- 1,324	1,232	- 1,149
Customers	13,760	- 5,855	12,300	- 4,700
– of which finance leases and operating leases	2,681	- 2,361	2,602	- 2,284
Hedging derivative instruments	1,885	- 2,229	2,430	- 3,080
Available-for-sale financial assets	773		644	
Held-to-maturity financial assets	192		170	
Debt securities		- 2,184		- 1,592
Subordinated debt		- 68		- 65
Total	17,960	- 11,660	16,776	- 10,586

Note 26 Fees and commissions

	December 31st, 2011		December 31st, 2010	
	Income	Expense	Income	Expense
Credit institutions	14	- 4	22	- 6
Customers	1,174	- 17	1,055	- 13
Securities	739	- 53	771	- 60
– of which funds managed for third parties	489		519	
Derivative instruments	4	- 13	5	- 20
Foreign exchange	19	- 3	21	- 4
Financing and guarantee commitments	46	- 5	51	- 9
Services provided	1,656	- 856	1,737	- 791
Total	3,653	- 951	3,662	- 903

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

	December 31st, 2011	December 31st, 2010
Trading derivative instruments	35	- 159
Instruments designated under the fair value option ¹	- 124	115
Ineffective portion of hedging instruments	- 42	55
– Cash flow hedges	0	2
– Fair value hedges	- 42	53
<i>Change in fair value of hedged items</i>	405	235
<i>Change in fair value of hedging items</i>	- 447	- 182
Foreign exchange gains (losses)	61	64
Total changes in fair value	- 70	75

1. Of which 98 million euros relating to the private equity business line.

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

	December 31st, 2011			Total
	Dividends	Realized gains (losses)	Impairment losses	
Government securities, bonds and other fixed-income securities		16	0	16
Equities and other variable-income securities	9	16	- 40	- 15
Long-term investments	79	116	- 103	92
Other	0	- 82	0	- 82
Total	88	67	- 143	11

	December 31st, 2010			Total
	Dividends	Realized gains (losses)	Impairment losses	
Government securities, bonds and other fixed-income securities		92	0	92
Equities and other variable-income securities	7	12	- 19	1
Long-term investments	49	9	- 27	31
Other	0	2	0	2
Total	56	116	- 46	125

Note 29 Other income and expense

	December 31st, 2011	December 31st, 2010
Income from other activities		
Insurance contracts	9,336	11,355
Investment property – gains on disposals	1 0	1 1
Expenses rebilled	69	6
Other income	1,588	1,287
Sub-total	10,994	12,648
Expenses on other activities		
Insurance contracts	- 7,852	- 9,913
Investment property – net movements in depreciation, amortization and impairment (based on the accounting method selected) – losses on disposals	- 22 - 21 - 1	- 21 - 20 - 1
Other expenses	- 1,011	- 976
Sub-total	- 8,885	- 10,910
Other income and expense net	2,109	1,738

◆ Net income from the insurance business line

	December 31st, 2011	December 31st, 2010
Earned premiums	7,869	8,916
Claims and benefits expenses	- 6,018	- 5,256
Movements in provisions	- 1,854	- 4,680
Other technical and non-technical income and expense	69	75
Net investment income	1,418	2,386
Total	1,485	1,442

Note 30 General operating expenses

	December 31st, 2011	December 31st, 2010
Payroll costs	- 4,043	- 3,606
Other operating expenses	- 2,899	- 2,750
Total	- 6,942	- 6,356

Note 30a Payroll costs

	December 31st, 2011	December 31st, 2010
Salaries and wages	- 2,581	- 2,263
Social security contributions	- 1,015	- 893
Employee benefits	- 7	- 8
Incentive bonuses and profit-sharing	- 171	- 221
Payroll taxes	- 266	- 217
Other expenses	- 3	- 5
Total	- 4,043	- 3,606

◆ Number of employees

	December 31st, 2011	December 31st, 2010
Average number of employees		
Banking staff	39,825	34,579
Management	21,320	18,601
Total	61,145	53,180
Analysis by country		
France	50,711	43,206
Rest of the world	10,434	9,974
Total	61,145	53,180
<i>Total on a comparable basis</i>	<i>53,109</i>	

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

	December 31st, 2011	December 31st, 2010
Number of employees at end of period ¹	65,174	56,171

1. 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 31st. 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 31st, 2011	December 31st, 2010
Taxes and duties	- 288	- 228
External services	- 2,041	- 1,940
Other miscellaneous expenses (transportation, travel, etc.)	- 65	- 71
Total	- 2,394	- 2,239

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

	December 31st, 2011	December 31st, 2010
Depreciation and amortization	- 504	- 509
– property and equipment	- 391	- 380
– intangible assets	- 113	- 129
Impairment losses	- 1	- 1
– property and equipment	0	- 1
– intangible assets	- 1	- 1
Total	- 505	- 510

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

◆ December 31st, 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	- 1,615	1,616	- 754	- 371	112	- 1,012
– Finance leases	- 10	6	- 3	- 6	0	- 13
– Other customer items	- 1,605	1,609	- 751	- 365	111	- 999
Sub-total	- 1,618	1,667	- 754	- 371	112	- 964
Held-to-maturity financial assets	- 2	0	0	0	0	- 2
Available-for-sale financial assets	- 464	1	- 40	- 50	44	- 509
Other	- 52	73	- 2	0	0	19
Total	- 2,135	1,741	- 796	- 421	156	- 1,456

1. Includes 451 millions of euros impairment losses on Greek sovereign debt (see Note 7c).

◆ December 31st, 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	- 1,704	1,451	- 554	- 540	65	- 1,282
– Finance leases	- 3	2	- 2	- 5	1	- 6
– Other customer items	- 1,701	1,449	- 552	- 535	64	- 1,276
Sub-total	- 1,835	1,772	- 670	- 541	65	- 1,209
Held-to-maturity financial assets	- 12	0	0	0	0	- 12
Available-for-sale financial assets	0	1	- 83	- 38	0	- 120
Other	- 75	146	- 37	0	1	35
Total	- 1,921	1,919	- 790	- 579	66	- 1,305

Note 32 Gains (losses) on other assets

	December 31st, 2011	December 31st, 2010
Property, equipment and intangible assets	66	16
– Losses on disposals	- 12	- 23
– Gains on disposals	78	39
Gains (losses) on consolidated securities sold	0	0
Total	66	16

Note 33 Change in value of goodwill

	December 31st, 2011	December 31st, 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 31st, 2011	December 31st, 2010
Current tax	- 854	- 1,055
Deferred tax	- 77	151
Adjustments in respect of prior years	18	20
Total	- 913	- 884

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

	December 31st, 2011	December 31st, 2010
Taxable income	2,712	3,199
Theoretical tax rate	36.10%	34.43%
Theoretical tax expense	- 979	- 1,101
Impact of specific SCR and SICOMI tax rules	18	55
Impact of changes in deferred tax rates	30	0
Impact of the reduced rate on long-term capital gains	48	34
Impact of specific tax rates of foreign entities	7	- 4
Other	- 37	133
Income tax	- 913	- 884
Effective tax rate	33.66%	27.63%

Fair value of financial instruments recognized at amortized cost

The fair values presented are an estimate based on observable inputs at December 31st, 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 31st, 2011.

	December 31st, 2011		December 31st, 2010	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	38,603	36,909	40,113	38,103
Loans and receivables due from customers	263,906	265,489	229,304	230,419
Held-to-maturity financial assets	16,121	16,239	10,733	11,076
Liabilities				
Due to credit institutions	36,422	36,169	27,850	27,792
Due to customers	200,086	197,287	163,467	160,013
Debt securities	87,227	88,487	95,035	94,713
Subordinated debt	6,563	7,249	7,155	7,747

Note 36 Related party transactions

◆ Statement of financial position items relating to related party transactions

	December 31st, 2011			December 31st, 2010		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération nationale	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	2,566	160	4,009	3,140	15	6,858
– Loans and receivables due from customers	0	0	44	0	0	63
– Securities	27	0	501	24	0	182
Other assets	0	4	17	0	0	0
Total	2,593	163	4,571	3,164	15	7,104
Liabilities						
Deposits						
– Due to credit institutions	3,745	0	2,615	2,888	0	2,404
– Due to customers	0	0	38	0	0	58
– Debt securities	139	0	864	5	0	692
Other liabilities	0	0	174	0	0	304
Total	3,885	0	3,691	2,893	0	3,458
Financing and guarantee commitments						
Financing commitments given	0	102	0	0	0	0
Guarantee commitments given	0	0	54	0	0	1,486
Financing commitments received	0	0	0	0	0	25
Guarantee commitments received	0	0	226	0	0	333

◆ Income statement items relating to related party transactions

	December 31st, 2011			December 31st, 2010		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération nationale	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération nationale
Interest received	64	0	107	82	0	199
Interest paid	- 62	0	- 75	- 37	0	- 35
Fee and commissions received	0	0	24	0	0	21
Fee and commissions paid	0	0	- 11	0	0	- 21
Other income (expense)	17	4	- 121	14	0	- 243
General operating expenses	0	1	- 25	0	0	- 17
Total	19	4	- 100	59	0	- 97

The Confédération Nationale included 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 and Targobank Spain) the amounts include the portion of intercompany transactions not eliminated on consolidation.

◆ Relationships with the Group's key management

The remuneration paid to the senior management of the Group includes a share relating to their activities within Crédit Mutuel and CIC. It may be made up of a fixed part and a variable part. The remuneration is set by the deliberating bodies on the basis of the suggestions of the remuneration committees of the relevant boards of directors. The senior management of the Group may also be covered by collective provident schemes and top-up pension funds set up for all Group employees.

No capital security or access to the capital or the right to acquire capital securities of the entities under control has been allocated to them. Also, they do not receive directors' fees for their directorships, whether in Group companies or in other companies, but because of their position in the Group. Besides, senior Group management may hold assets or loans in the books of Group banks, on the terms offered to all staff.

In addition, at its meeting of May 19th, 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 million euros (including social contributions).

At its meeting of May 8th, 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 per-

formance-related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at 1,120,000 million euros (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 million euros and covered the entire commitment.

Note 37 Events after the reporting period and other information

The consolidated financial statements of the CM10-CIC Group at December 31st, 2011 were approved by the board of directors at its meeting of February 24th, 2012.

Note 38 Exposure to risk

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

Total remuneration paid to key management

In thousands of millions	December 31st, 2011	December 31st, 2010
		Total remuneration
Corporate officers, management committee, boards members who receive remuneration	5,334	5,736

Note 39 Statutory auditors' fees


In thousands of euros		Ernst & Young		
	Amount 2011	Amount 2010	Percentage 2011	Percentage 2010
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	151	141	5%	4%
– Fully consolidated subsidiaries	2,775	2,810	86%	88%
Other assignments and services directly related to the statutory audit ¹				
– BFCM			0%	0%
– Fully consolidated subsidiaries	211	157	7%	5%
Sub-total	3,137	3,108	98%	97%
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related			0%	0%
– Other	74	99	2%	3%
Sub-total	74	99	2%	3%
Total	3,211	3,207	100%	100%

In thousands of euros		KPMG Audit		
	Amount 2011	Amount 2010	Percentage 2011	Percentage 2010
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	242	100	4%	2%
– Fully consolidated subsidiaries	4,418	3,601	78%	61%
Other assignments and services directly related to the statutory audit ¹				
– BFCM	19		0%	0%
– Fully consolidated subsidiaries	327	260	6%	4%
Sub-total	5,006	3,961	89%	67%
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related		315	0%	5%
– Other	630	1,644	11%	28%
Sub-total	630	1,959	11%	33%
Total	5,636	5,920	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 6,735 thousands of euros for the year 2011.





Report of the
Statutory Auditors
on the consolidated
financial statements

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institute of accountants

Groupe CM10-CIC
Year ended December 31st, 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 31st, 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.

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 31st, 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.

Justification of our assessments

The accounting estimates used to prepare the consolidated financial statements at December 31st, 2011 were made in an uncertain 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:

- Your 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, your 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-mentioned note.

- Your 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.

- Your 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.

- Your Group records impairment losses to cover the credit and counterparty risks inherent to its business (notes 1, 8a, 10, 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.

- Your 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.

- Your 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.

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 19th, 2012

French original signed by

The statutory auditors

KPMG Audit
A unit of KPMG S.A.

Jean-François Dandé

Ernst & Young & Autres

Isabelle Santenac

