



CM11-CIC GROUP

**CONSOLIDATED FINANCIAL
STATEMENTS**

FINANCIAL YEAR 2012

Consolidated statement of financial position (IFRS) at December 31, 2012 - Assets

In € millions	Dec. 31, 2012	Dec. 31, 2011 restated*	Jan. 1, 2011 restated*	Notes
Cash and amounts due from central banks	10,411	6,307	7,217	4a
Financial assets at fair value through profit or loss	44,329	38,063	41,229	5a, 5c
Hedging derivative instruments	1,342	935	135	6a, 5c, 6c
Available-for-sale financial assets	72,064	71,956	76,262	7, 5c
Loans and receivables due from credit institutions	53,924	38,603	40,113	4a
Loans and receivables due from customers	269,411	263,906	229,304	8a
Remeasurement adjustment on interest-risk hedged investments	852	738	594	6b
Held-to-maturity financial assets	13,718	16,121	10,733	9
Current tax assets	1,405	1,607	1,122	13a
Deferred tax assets	1,162	1,774	1,386	13b
Accruals and other assets	19,124	17,272	15,610	14a
Non-current assets held for sale	1	0	0	
Deferred profit-sharing	0	0	0	
Investments in associates	2,057	2,058	1,862	15
Investment property	1,229	909	832	16
Property and equipment	2,921	2,940	2,803	17a
Intangible assets	1,044	1,004	1,006	17b
Goodwill	4,233	4,298	4,192	18
Total assets	499,227	468,492	434,401	

Consolidated statement of financial position (IFRS) at December 31, 2012 - Liabilities and shareholders' equity

In € millions	Dec. 31, 2012	Dec. 31, 2011 restated*	Jan. 1, 2011 restated*	Notes
Due to central banks	343	282	44	4b
Financial liabilities at fair value through profit or loss	31,539	31,009	34,551	5b, 5c
Hedging derivative instruments	2,789	3,923	3,073	6a, 5c, 6c
Due to credit institutions	28,885	36,422	27,850	4b
Due to customers	216,503	200,086	163,467	8b
Debt securities	93,919	87,227	95,035	19
Remeasurement adjustment on interest-risk hedged investments	-3,451	-2,813	-1,963	6b
Current tax liabilities	674	561	527	13a
Deferred tax liabilities	885	842	939	13b
Accruals and other liabilities	16,284	10,030	12,098	14b
Liabilities associated with non-current assets held for sale	0	0	0	
Technical reserves of insurance companies	72,712	65,960	66,018	20
Provisions	2,002	1,800	1,594	21
Subordinated debt	6,375	6,563	7,155	22
Shareholders' equity	29,767	26,599	24,012	
Shareholders' equity attributable to the Group	27,326	24,217	20,582	
Subscribed capital and issue premiums	5,808	5,596	5,139	23a
Consolidated reserves	19,627	17,951	15,785	23a
Gains and losses recognized directly in equity	269	-990	-343	23c, 23d
Net income for the year	1,622	1,660		
Shareholders' equity - Minority interests	2,441	2,382	3,431	
Total liabilities and shareholders' equity	499,227	468,492	434,401	

*After taking account of IAS19-R and the accounting treatment of the investment in Banco Popular Español (see note 1.1)

**CONSOLIDATED INCOME STATEMENT (IFRS) FOR THE YEAR ENDED
DECEMBER 31, 2012**

In € millions	Dec. 31, 2012	Dec. 31, 2011 restated*	IFRS notes
Interest income	18,634	17,960	25
Interest expense	-13,700	-11,660	25
Fee and commission income	3,500	3,653	26
Fee and commission expense	-874	-951	26
Net gain (loss) on financial instruments at fair value through profit or loss	898	-70	27
Net gain (loss) on available-for-sale financial assets	251	-1	28
Income from other activities	12,534	10,994	29
Expenses on other activities	-9,781	-8,860	29
Net banking income	11,462	11,065	
Operating expenses	-6,837	-6,426	30a,30b
Depreciation, amortization and impairment of non-current assets	-504	-505	30c
Gross operating income	4,121	4,135	
Net additions to/reversals from provisions for loan losses	-1,081	-1,456	31
Operating income	3,040	2,679	
Share of net income (loss) of associates	-149	33	15
Gains (losses) on other assets	16	66	32
Change in value of goodwill	-27	-9	33
Net income before tax	2,880	2,768	
Corporate income tax	-1,057	-925	34
Net income	1,823	1,843	
Net income attributable to minority interests	201	183	
Net income attributable to the Group	1,622	1,660	

Net income and gains and losses recognized directly in shareholders' equity

In € millions	Dec. 31, 2012	Dec. 31, 2011 restated*	IFRS notes
Net income	1,823	1,843	
Translation adjustments	2	-5	
Remeasurement of available-for-sale financial assets	1,476	-766	
Remeasurement of hedging derivative instruments	6	-16	
Remeasurement of non-current assets	0	0	
Actuarial gains and losses on defined benefit plans	-101	-16	
Share of unrealized or deferred gains and losses of associates	-17	-18	
Total gains and losses recognized directly in shareholders' equity	1,366	-820	23c,23d
Net income and gains and losses recognized directly in shareholders' equity	3,189	1,023	
<i>attributable to the Group</i>	<i>2,881</i>	<i>893</i>	
<i>attributable to minority interests</i>	<i>308</i>	<i>130</i>	

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

**After taking account of IAS19-R and the accounting treatment of the investment in Banco Popular Español (see Note 1.1)*

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

In € millions	Capital stock	Additional paid-in capital	Reserves (1)	Gains and losses recognized directly in equity				Net income attributable to the Group	Shareholders' equity attributable to the Group	Non-controlling interests	Total consolidated shareholders' equity
				Translation adjustments	Available-for-sale assets	Hedging derivative instruments	Actuarial gains and losses				
Shareholders' equity at January 1, 2011	5,139		13,698		-202	-89		1,961	20,508	3,431	23,938
Restatements related to change in IAS19-R accounting method			11				-52		-42		-42
Restatements related to recognition of investment in Banco Popular Español			115						115		115
Shareholders' equity at January 1, 2011, restated	5,139		13,824		-202	-89	-52	1,961	20,582	3,431	24,012
Appropriation of earnings from previous year			1,961					-1,961	-59		-59
Capital increase	-59		-164						-164		-275
Distribution of dividend			1,797					-1,961	-223		-334
Subtotal: movements arising from shareholder relations											
Net income for the year					-737	-16		1,660	1,660	183	1,843
Change in fair value of available-for-sale assets							-14		-753		-805
Change in actuarial gains and losses					-737	-16			-14		-16
Subtotal								1,660	893	129	1,022
Translation adjustments			16						16	4	20
Impact of changes in group structure	516		2,314		-6	103	23		2,950	-1,071	1,879
Other changes	0		0		0	0	0		-1	0	-1
Shareholders' equity at December 31, 2011, restated	5,596		17,951		-6	-836	-82	1,660	24,217	2,382	26,599
Shareholders' equity at January 1, 2012	5,596		17,951		-6	-836	-82	1,660	24,217	2,382	26,599
Appropriation of earnings from previous year			1,660					-1,660	98		98
Capital increase	98		-192						-192		-284
Distribution of dividend			1,468						-94		-186
Subtotal: movements arising from shareholder relations											
Net income for the year					1,350	2		1,622	1,622	201	1,823
Change in fair value of available-for-sale assets									1,352	113	1,465
Change in actuarial gains and losses							-97		-97		-101
Change in fair value of available-for-sale assets					4				4		2
Translation adjustments					4	2		1,622	2,881	308	3,189
Subtotal											
Impact of changes in group structure	114		208		0	0	0		322	-157	165
Other changes	0		0		0	0	0		0	0	0
Shareholders' equity at December 31, 2012	5,808		19,627		-2	514	-80	1,622	27,326	2,441	29,767

(1) Reserves at December 31, 2012 include a legal reserve of €211 million, regulatory reserves for a total of €3,233 million and other reserves amounting to €6,184 million.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	Dec. 31, 2012	Dec. 31, 2011 restated*
Net income	1,823	1,843
Corporate income tax	1,057	925
Income before income tax	2,880	2,768
+/- Net depreciation/amortization expense on property, equipment and intangible assets	509	494
- Impairment of goodwill and other non-current assets	16	34
+/- Net additions to/reversals from provisions and impairment losses	-386	597
+/- Share of net income/loss of associates	88	-8
+/- Net loss/gain from investment activities	260	-193
+/- Income/expense from financing activities	0	0
+/- Other movements	-1,126	3,386
= Total non-monetary items included in income before tax and other adjustments	-638	4,310
+/- Cash flows relating to interbank transactions	-8,282	8,759
+/- Cash flows relating to customer transactions	11,694	6,101
+/- Cash flows relating to other transactions affecting financial assets and liabilities	888	-21,307
+/- Cash flows relating to other transactions affecting non-financial assets and liabilities	4,315	-3,340
- Corporate income tax paid	-774	-1,157
= Net decrease/increase in assets and liabilities from operating activities	7,842	-10,944
NET CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES	10,084	-3,866
+/- Cash flows relating to financial assets and investments in non-consolidated companies	4,617	-4,789
+/- Cash flows relating to investment property	-344	-105
+/- Cash flows relating to property, equipment and intangible assets	-423	-337
NET CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	3,850	-5,232
+/- Cash flows relating to transactions with shareholders	-186	-334
+/- Other cash flows relating to financing activities	4,465	7,057
NET CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES	4,279	6,723
IMPACT OF MOVEMENTS IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	-7	103
Net increase (decrease) in cash and cash equivalents	18,205	-2,271
Net cash flows from (used in) operating activities	10,084	-3,866
Net cash flows from (used in) investing activities	3,850	-5,232
Net cash flows from (used in) financing activities	4,279	6,723
Impact of movements in exchange rates on cash and cash equivalents	-7	103
Cash and cash equivalents at beginning of year	3,458	5,729
Cash accounts and accounts with central banks and post office banks	6,025	7,173
Demand loans and deposits - credit institutions	-2,566	-1,444
Cash and cash equivalents at end of period	21,663	3,458
Cash accounts and accounts with central banks and post office banks	10,068	6,025
Demand loans and deposits - credit institutions	11,595	-2,566
CHANGE IN CASH AND CASH EQUIVALENTS	18,205	-2,271

*After taking account of IAS19-R and the accounting treatment of the investment in Banco Popular Español (see note 1.1)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1: Accounting principles and methods

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, 2012 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2012. 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.

IAS 19R on employee benefits published in the Official Journal of the European Union dated June 5, 2012, application of which is mandatory as from January 1, 2013, has been applied early as from January 1, 2012.

The impacts of this early application of IAS 19R as of 12/31/2011 are shown in the table below:

	Impacts of first-time application
Deferred tax assets	+19
Provisions for pension costs	+53
Shareholders' equity attributable to the Group	-32
<i>Consolidated reserves</i>	+11
<i>Unrealized or deferred gains and losses</i>	-66
<i>Net income for the year</i>	+23
Shareholders' equity - Non-controlling interests	-2

The impacts mainly concern retirement bonuses. The impacts on long-service awards and closed supplementary pension schemes are considered non-material.

At January 1, 2011, the impacts were as follows: Deferred tax assets +23, provisions for pension costs +65, consolidated reserves +9 and unrealized or deferred gains and losses -51.

Conversion adjustments on foreign entities expressed in foreign currencies were reclassified at 12/31/2011 with the following impact: consolidated reserves -20, unrealized or deferred gains and losses +20.

Accounting treatment of long-term equity investment in Banco Popular Español - Correction of error

The Group's investment in Banco Popular Español (BPE) is recognized using the equity method for the first time with these financial statements, given the existence of significant influence between the Group and BPE. This significant influence is reflected in particular in the representation on the BPE Board of Directors, the existence of commercial agreements between the Crédit Mutuel networks in France and the BPE networks in Spain and Portugal, as well as a partnership in a banking joint venture in Spain.

These ties have been established since the end of 2010, such that this change is recognized for accounting purposes as a correction of an error in accordance with IAS 8. The impacts on the statement of financial position at year-end 2011 of the recognition of the investment in BPE using the equity method are as follows (in € million):

	Restatement impacts
Available-for-sale financial assets	-248
Equity-accounted investments	+388
Shareholders' equity attributable to the Group	+140
<i>Consolidated reserves</i>	+82
<i>Unrealized or deferred gains and losses</i>	+43
<i>Net income for the year</i>	+14

In the 2011 income statement, the restatement involves a €26.8 million increase in the line item “Share of net income of associates” and a €12.6 million reduction in the line item “Net gain (loss) on available-for-sale financial assets”, i.e. a €14.2 million positive net impact on net income.

At January 1, 2011, the impacts were as follows: Available-for-sale financial assets -266, investments in associates +381, consolidated reserves +115.

The fair value of the investment in BPE pursuant to paragraph 37 of IAS 28 using stock market prices was €215.5 million at the end of December 2012. An impairment test of the investment relative to its estimated value in use was performed at the end of the year, in accordance with the provisions of IAS 39 and IAS 36, resulting in no impairment charge at December 31, 2012.

Standards and interpretations not yet applied

	Mandatory application date (years beginning from)	Consequences of application
Amendment IAS 1 - Presentation of details of OCI	01/01/2013	Limited
Amendment IFRS 7 - Offsetting of financial assets and liabilities	01/01/2013	Limited
Amendment IAS 32 - Offsetting of financial assets and liabilities	01/01/2014	Limited
IFRS 10-11-12 - IAS 28 - Standards related to the consolidation and financial information of non-consolidated entities	01/01/2014	Limited
IFRS 13 - Fair Value Measurement	01/01/2013	Limited

1.2 Scope and basis of consolidation

Consolidating entity

The Crédit Mutuel CM11* Group (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Anjou) is a mutual group and member of a central body, in accordance with Articles L.511-30 *et seq* of the French Monetary and Financial Code. Crédit Mutuel's local Caisses, fully owned by their stock-owning members, are at the base of the Group, in line with an “inverted pyramid” capital control structure.

To effectively reflect the common interests of our members during consolidation, the consolidating entity is defined with a view to reflecting the shared links in terms of operations, financial solidarity and governance.

Within this framework, the consolidating entity at the head of the Group is made up of the companies placed under the same collective accreditation for banking activities, granted by the French Credit Institutions and Investment Firms Committee (CECEI).

In this way, the consolidating entity comprises:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), Fédération du Crédit Mutuel du Sud-Est (FCMSE), Fédération du Crédit Mutuel Ile-de-France (FCMIDF), Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB), Fédération du Crédit Mutuel Midi-Atlantique (FCMMA), Fédération du Crédit Mutuel Loire Atlantique Centre Ouest (FCMLACO), Fédération du Crédit Mutuel du Centre (FCMC), Fédération du Crédit Mutuel de Normandie (FCMN), Fédération du Crédit Mutuel Dauphiné-Vivaraï (FCMDV), Fédération du Crédit Mutuel Méditerranée (FCMM) and Fédération du Crédit Mutuel d'Anjou (FCMA). As the policy bodies for the Groups, they determine their main policy guidelines, decide on their strategies and organize the representation of the Caisses.
- Caisse Fédérale de Crédit Mutuel (CF de CM), Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), Caisse Régionale du Crédit Mutuel d'Ile-de-France (CRCMIDF), Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB), Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA), Caisse Régionale du Crédit Mutuel Loire Atlantique Centre Ouest (CRCMLACO), Caisse Régionale du Crédit Mutuel du Centre (CRCMC), Caisse Régionale du Crédit Mutuel de Normandie (CRCMN), Caisse Régionale du Crédit Mutuel Dauphiné-Vivaraï (CRCMDV), Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM) and Caisse Régionale du Crédit Mutuel d'Anjou (CRCMA). Serving the local Caisses, the Caisse Fédérale de Crédit Mutuel is responsible for the network's common services, ensures its coordination and manages the Group's logistics. It centralizes the funds held on deposit by the Caisses, while at the same time refinancing them and allocating funds on their behalf as required by regulations (mandatory reserves, allocated resources, deposits with the Caisse Centrale du Crédit Mutuel, etc.).
- The Crédit Mutuel Caisses that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV, FCMM and FCMA: the latter represent the foundations for the Group's banking network

The analysis of the consolidating entity's control is compliant with IAS 27, making it possible to prepare the consolidated accounts in accordance with IFRS.

**The CM10-CIC Group became CM11-CIC on January 1, 2012 with Fédération du Crédit Mutuel d'Anjou becoming a member of Caisse Fédérale de Crédit Mutuel.*

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. Jointly controlled 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, 2012 were as follows:

- Additions to the scope of consolidation:

Banking network and network subsidiaries: Caisses Cr dit Mutuel Anjou, Caisse R gionale Anjou, F d ration Anjou, Banco Popular Espanol, BECM Monaco.

Insurance companies: Agrupacio AMCI, AMSYR, AMDIF, Assistencia Advancada Barcelona, Agrupacio Bankpyme Pensiones, Agrupacio Serveis Administratius, ACM RE.

Other companies: Lafayette CLO, GEIE Synergie.

- Mergers / acquisitions:

Euro Protection Services with Euro Protection Surveillance, Laviolette Financement with Factocic, Procourtage with Atlancourtage, Pasche International Holding with Pasche Finance, SEHPL with EBRA, RL Voyages with GRLC, Cime et Mag with Les Editions de l'Echiquier, Sofiliest et Publicit  Moderne with l'Est R publicain, Alsatic with AMP, Europe R gie, AME, SCI Roseau and SCI Ecriture with SFEJIC.

- Removals from the scope of consolidation:

Cofidis Romania, Pasche Fund Management Ltd, Pasche SA Montevideo, Serficom Investment Consulting (Shanghai) Ltd, Serficom Maroc Sarl, A TELE.

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 part.

□ **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 euro 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 the lesser of fair value net of selling costs and carrying amount. 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.

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 valuation at fair value 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 used 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.

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.

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.

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.

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 is 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 fulfill the eligibility conditions of 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 lie within the range of 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:

- a- “*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;
- b- “*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 fulfill the eligibility conditions of category;
- c- “*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 fulfill the eligibility conditions of 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.

1.3.5 Debt represented by a security

Debts evidenced by certificates (certificates of deposit, interbank market securities, bonds, etc.), not classified under the fair value option, are accounted for at their issue value, in most cases minus 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.

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.

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 redemption, or if there are legal or statutory provisions prohibiting or seriously restricting 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.

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.

1.3.9 Amounts due to customers and credit institutions

Debt securities include 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 housing 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”.

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.

1.3.11 Employee benefits

Since January 1, 2012, employee benefits have been recognized in accordance with IAS 19-R applied early. The new provisions result in the following:

- for defined benefit post-employment benefits, the immediate recognition of actuarial variances as unrealized or deferred gains or losses in equity and the immediate recognition of plan changes through profit or loss, the application to the plan’s assets of the discount rate used for the debt and more detailed information provided in the notes;
- for short-term benefits, a new definition for benefits expected to be paid in full within the 12 months following the end of the year in which the related services were rendered (and no longer “payable within the 12 months...”).

Social obligations are subject, where relevant, to a provision reported under the line item “Provisions”. A change in this item is recognized in the income statement under the “Employee expense” heading, except for the portion resulting from actuarial variances, which is recognized as unrealized or deferred gains or losses in equity.

□ Defined benefit 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.

Actuarial variances are recognized as unrealized or deferred gains or losses in equity. 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 are expected to be paid more than 12 months after the end of the period during which the employee rendered the related service, for example long service awards, 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.

Obligations in respect of long service awards are sometimes covered by insurance policies. A provision is established only for the uncovered part of these obligations.

❑ Employee supplementary retirement plans

Employees of the Crédit Mutuel CM11 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 CM11 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 €773 million as of December 31, 2012, covered by technical reserves of €742 million and €46 million worth of mathematical reserves for defined benefit 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 €326 million as of December 31, 2012, covered by €340 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 which are expected to be paid within the 12 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.

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 reinsurance 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 (portion of premiums issued related to 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.

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	: 20-80 years (depending on the type of building in question)
- 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	: 9-10 years (if acquisition of customer contract portfolio)

Depreciable and amortizable assets are tested for impairment when there is evidence 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”.

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.

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.

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.

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.

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 “Noncurrent 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”.

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 Cr dit Mutuel CM11 network, CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banco Popular Espa ol, Banque Marocaine du Commerce Ext rieur, Banque de Tunisie 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 Cr dit 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 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.

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

December 31, 2012	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks - assets	2,963		5,592	750		1,106	10,411
Financial assets at fair value through profit or loss	529	14,179	27,446	142	1,784	249	44,329
Hedging derivative instruments - assets	760		158	4		420	1,342
Available-for-sale financial assets	919	50,231	16,956	3,385	19	554	72,064
Loans and receivables due from credit institutions	26,601	225	14,895	2,573	6	9,624	53,924
Loans and receivables due from customers	247,329	283	14,196	7,529		73	269,411
Held-to-maturity financial assets	64	12,813	251	2		588	13,718
Equity-accounted investments	1,269	308				480	2,057
LIABILITIES							
Cash, central banks, post office banks - liabilities				343			343
Financial liabilities at fair value through profit or loss	537	4,920	25,886	196			31,539
Hedging derivative instruments - liabilities	313		1,977	399		100	2,789
Due to credit institutions			28,885				28,885
Due to customers	186,985	86	7,216	15,753		6,463	216,503
Debt securities	33,143		60,755	21			93,919

December 31, 2011 <i>(restated)</i>	Retail banking	Insurance	Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
ASSETS							
Cash, central banks, post office banks - assets	2,253	0	1,490	985	0	1,579	6,307
Financial assets at fair value through profit or loss	130	12,523	23,201	150	1,804	255	38,063
Hedging derivative instruments - assets	354	0	116	4	0	460	935
Available-for-sale financial assets	815	45,254	21,650	3,755	8	473	71,956
Loans and receivables due from credit institutions	23,601	13	11,961	2,946	9	73	38,603
Loans and receivables due from customers	240,030	251	16,441	7,124	0	59	263,906
Held-to-maturity financial assets	64	10,276	362	6	0	5,413	16,121
Equity-accounted investments	779	398	(0)	1	0	881	2,058
LIABILITIES							
Cash, central banks, post office banks - liabilities	0	0	0	282	0	0	282
Financial liabilities at fair value through profit or loss	87	1,972	28,817	133	0	0	31,009
Hedging derivative instruments - liabilities	1,279	0	2,656	461	0	(473)	3,923
Due to credit institutions	(0)	(0)	36,422	0	(0)	0	36,422
Due to customers	170,563	84	6,045	14,609	0	8,786	200,086
Debt securities	33,280	0	53,911	36	0	(0)	87,227

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

December 31, 2012	Retail banking	Insurance	Financing and capital market	Private banking	Private equity	Logistics and holding company	Inter- businesses	Total
Net banking income	8,782	1,412	927	463	100	370	-593	11,462
General operating expenses	-5,713	-356	-288	-334	-34	-1,209	593	-7,341
Gross operating income	3,070	1,056	639	129	66	-839	0	4,121
Net additions to/reversals from provisions for loan losses*	-878		-85	-29		-90		-1,082
Net gain (loss) on disposal of other assets	-81	-41	-1	6		-44		-160
Net income before tax	2,111	1,015	554	107	66	-972	0	2,880
Corporate income tax	-750	-412	-193	-27	2	323		-1,057
Net income	1,361	603	361	79	67	-649	0	1,823
Non-controlling interests								201
Net income attributable to the Group								1,622

December 31, 2012	Retail banking	Insurance	Financing and capital market	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income	8,782	1,412	927	463	100	370	-593	11,462
General operating expenses	-5,713	-356	-288	-334	-34	-1,209	593	-7,341
Gross operating income	3,070	1,056	639	129	66	-839	0	4,121
Net additions to/reversals from provisions for loan losses*	-878		-85	-29		-90		-1,082
Net gain (loss) on disposal of other assets	-81	-41	-1	6		-44		-160
Net income before tax	2,111	1,015	554	107	66	-972	0	2,880
Corporate income tax	-750	-412	-193	-27	2	323		-1,057
Net income	1,361	603	361	79	67	-649	0	1,823
Non-controlling interests								201
Net income attributable to the Group								1,622

December 31, 2011 (restated)	Retail banking	Insurance	Financing and capital market	Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
Net banking income	9,231	967	885	432	93	15	-557	11,066
General operating expenses	-5,469	-351	-256	-317	-34	-1,061	557	-6,931
Gross operating income	3,762	615	630	115	59	-1,047	0	4,135
Net additions to/reversals from provisions for loan losses*	-879	-44	-149	-43	0	-342		-1,456
Net gain (loss) on disposal of other assets	63	44		13	0	-30		89
Net income before tax	2,946	615	481	86	59	-1,419	0	2,768
Corporate income tax	-940	-194	-181	-18	-2	409		-925
Net income	2,006	421	300	68	57	-1,010	0	1,843
Non-controlling interests								182
Net income attributable to the Group								1,660

* The disposal in the first half 2012 of securities received in exchange for securities issued by the Greek government, brought to the bond swap under the PSI (private sector involvement) plan, generated a negative impact of €30 million on this item, including -€34 million for the logistics and holding company business and +€4 million for the capital markets business.

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

	December 31, 2012				December 31, 2011 (restated)			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
ASSETS								
Cash, central banks, post office banks - assets	2,411	2,407	5,593	10,411	2,766	2,050	1,490	6,307
Financial assets at fair value through profit or loss	42,376	941	1,011	44,329	36,149	929	985	38,063
Hedging derivative instruments - assets	1,329	4	9	1,342	927	6	2	935
Available-for-sale financial assets	66,479	4,905	680	72,064	66,207	4,931	818	71,956
Loans and receivables due from credit institutions	49,359	3,191	1,375	53,924	33,080	3,387	2,136	38,603
Loans and receivables due from customers	243,935	22,290	3,186	269,411	238,611	21,966	3,329	263,906
Held-to-maturity financial assets	13,716	2	0	13,718	16,115	6	0	16,121
Equity-accounted investments	797	710	550	2,057	812	690	556	2,058
LIABILITIES								
Cash, central banks, post office banks - liabilities	0	343	0	343	0	282	0	282
Financial liabilities at fair value through profit or loss	31,131	224	184	31,539	30,425	353	230	31,009
Hedging derivative instruments - liabilities	2,342	401	45	2,789	3,414	466	43	3,923
Due to credit institutions	14,538	7,657	6,691	28,885	19,550	9,757	7,115	36,422
Due to customers	190,891	24,910	703	216,503	176,428	23,029	629	200,086
Debt securities	89,473	510	3,937	93,919	86,276	464	488	87,227

* USA, Singapore, Tunisia and Morocco

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

	December 31, 2012				December 31, 2011 (restated)			
	France	Europe, excluding France	Rest of the world*	Total	France	Europe, excluding France	Rest of the world*	Total
Net banking income**	9,497	1,792	173	11,462	8,956	1,861	249	11,065
General operating expenses	-6,003	-1,266	-72	-7,341	-5,621	-1,241	-68	-6,931
Gross operating income	3,494	526	101	4,121	3,335	619	181	4,135
Net additions to/reversals from provisions for loan losses	-676	-360	-46	-1,081	-1,024	-429	-3	-1,456
Net gain (loss) on disposal of other assets**	-23	-107	-30	-160	17	30	42	89
Net income before tax	2,795	60	25	2,880	2,328	221	220	2,768
Net income	1,813	17	-8	1,823	1,544	160	141	1,844
Net income attributable to the Group	1,658	-34	-2	1,622	1,415	114	131	1,660

* USA, Singapore, Tunisia and Morocco

** In 2012, 21% of the Net banking income (excluding the logistics and holding business line) came from foreign operations

** Including net income of associates and impairment losses on goodwill

NOTE 3 - Scope of consolidation

The CM10-CIC group became CM11-CIC on January 1, 2012, when the Fédération du Crédit Mutuel Anjou joined the Caisse fédérale de Crédit Mutuel. Pursuant to the opinion issued by the Banking Commission, the group's parent company comprises the companies included in the scope of globalization. It is made up of the following entities:

- Fédération du Crédit Mutuel Centre Est Europe (FCMCEE),
- Fédération du Crédit Mutuel Sud-Est (FCMSE),
- Fédération du Crédit Mutuel Île-de-France (FCMIDF),
- Fédération du Crédit Mutuel de Savoie-Mont Blanc (FCMSMB),
- Fédération du Crédit Mutuel Midi-Atlantique (FCMMA),
- Fédération du Crédit Mutuel Loire-Atlantique (FCMLACO),
- Fédération du Crédit Mutuel Centre (FCMC),
- Fédération du Crédit Mutuel Dauphiné-Vivarois (FCMDV),
- Fédération du Crédit Mutuel Méditerranée (FCMM),
- Fédération du Crédit Mutuel Normandie (FCMN),
- Fédération du Crédit Mutuel Anjou (FCMA),
- Caisse Fédérale de Crédit Mutuel (CF de CM),
- Caisse Régionale du Crédit Mutuel Sud-Est (CRCMSE),
- Caisse Régionale du Crédit Mutuel Île-de-France (CRCMIDF),
- Caisse Régionale du Crédit Mutuel de Savoie-Mont Blanc (CRCMSMB),
- Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA),
- Caisse Régionale du Crédit Mutuel Loire-Atlantique (CRCMLACO),
- Caisse Régionale du Crédit Mutuel Centre (CRCMC),
- Caisse Régionale du Crédit Mutuel Dauphiné-Vivarois (CRCMDV),
- Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM),
- Caisse Régionale du Crédit Mutuel Normandie (CRCMN),
- Caisse Régionale du Crédit Mutuel Anjou (CRMA)
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Centre Est Europe,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Sud-Est,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Île-de-France,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel de Savoie-Mont Blanc,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Midi-Atlantique,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Loire-Atlantique,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Centre,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Dauphiné-Vivarois,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Méditerranée,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Normandie,
- the Caisses de Crédit Mutuel within Fédération du Crédit Mutuel Anjou.

	December 31, 2012			December 31, 2011		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
A. Banking network						
Banque du Cr�dit Mutuel Ile-de-France (BCMI)	100	99	FC	100	99	FC
Banque Europ�enne du Cr�dit Mutuel (formerly Banque de l'Economie du Commerce et de la	100	99	FC	100	99	FC
Caisse Agricole du Cr�dit Mutuel	100	100	FC	100	100	FC
CIC Est	100	93	FC	100	93	FC
CIC Iberbanco	100	99	FC	100	99	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	93	FC
CIC Nord-Ouest	100	93	FC	100	93	FC
CIC Ouest	100	93	FC	100	93	FC
CIC Sud Ouest	100	93	FC	100	93	FC
Cr�dit Industriel et Commercial (CIC)	94	93	FC	94	93	FC
Targobank AG & Co. KGaA	100	99	FC	100	99	FC
Targobank Spain	50	50	PC	50	49	PC
B. Banking network - subsidiaries						
Banca Popolare di Milano	7	7	EM	7	6	EM
Bancas	50	50	PC			NC
Banco Popular Espa�ol (see Note 1b)	4	4	EM	5	5	EM
Banque de Tunisie	20	20	EM	20	20	EM
Banque du Groupe Casino	50	50	PC	50	49	PC
Banque Europ�enne du Cr�dit Mutuel Monaco	100	99	FC			NC
Banque Marocaine du Commerce Ext�rieur (BMCE)	26	26	EM	25	24	EM
Caisse Centrale du Cr�dit Mutuel	53	53	EM	49	49	EM
Cartes et cr�dits � la consommation (formerly CZC)	100	99	FC	100	42	FC
CM-CIC Asset Management	90	92	FC	89	90	FC
CM-CIC Bail	100	93	FC	100	93	FC
CM-CIC Epargne salariale	100	93	FC	100	93	FC
CM-CIC Factor (formerly Factocic)	95	92	FC	96	91	FC
CM-CIC Gestion	100	93	FC	100	93	FC
CM-CIC Home Loan SFH	100	99	FC	100	99	FC
CM-CIC Laviolette Financement			MER	100	89	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	93	FC	100	93	FC
CM-CIC Leasing GmbH	100	93	FC	100	93	FC
Cofidis Argentina	66	28	FC	66	28	FC
Cofidis Belgium	100	42	FC	100	42	FC
Cofidis France	100	42	FC	100	42	FC
Cofidis Italy	100	42	FC	100	42	FC
Cofidis Czech Republic	100	42	FC	100	42	FC
Cofidis Slovakia	100	42	FC	100	42	FC
Creatis	100	42	FC	100	42	FC
FCT CM-CIC Home loans	100	99	FC	100	99	FC
Monabanq	100	42	FC	100	42	FC
Saint-Pierre SNC	100	93	FC	100	93	FC
SCI La Tr�fili�re	100	100	FC	100	99	FC
Sofim	100	93	FC	100	93	FC
SOFEMO - Soci�t� F�d�rative Europ.de Mon�tique et de Financement	100	97	FC	100	97	FC
Targo Dienstleistungs GmbH	100	99	FC	100	99	FC
Targo Finanzberatung GmbH	100	99	FC	100	99	FC
C. Financing and capital markets banks						
Banque F�d�rative du Cr�dit Mutuel	99	99	FC	99	99	FC
Cigogne Management	100	96	FC	100	95	FC
CM-CIC Securities	100	93	FC	100	93	FC
Diversified Debt Securities SICAV - SIF	100	93	FC	100	94	FC
Divhold	100	93	FC	100	94	FC
Lafayette CLO 1 Ltd	100	93	FC			NC
Ventadour Investissement	100	99	FC	100	99	FC
D. Private banking						
Agefor SA Gen�ve	70	65	FC	70	65	FC
Alternative gestion SA Gen�ve	45	58	EM	45	58	EM
Banque de Luxembourg	100	93	FC	100	94	FC
Banque Pasche	100	93	FC	100	93	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	92	FC
Banque Transatlantique Luxembourg	100	93	FC	90	90	FC
Banque Transatlantique Singapore Private Ltd	100	93	FC	100	93	FC
Calypso Management Company	70	65	FC	70	65	FC
CIC Switzerland	100	93	FC	100	93	FC
Dubly-Douilhet	63	58	FC	63	58	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			NC	100	93	FC
Pasche International Holding Ltd			MER	100	93	FC
Pasche SA Montevideo			NC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	50	47	FC	50	47	FC
Serficom Family Office Inc	100	93	FC	100	93	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	52	49	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	93	FC
Serficom Investment Consulting (Shanghai)			NC	100	93	FC
Serficom Maroc SARL			NC	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 Capital Finance	100	93	FC	100	93	FC
CM-CIC Capital Innovation	100	93	FC	100	93	FC
CM-CIC Conseil	100	93	FC	100	93	FC

	December 31, 2012			December 31, 2011		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
CM-CIC Investissement	100	93	FC	100	93	FC
Sudinnova	66	62	FC	66	61	FC
<i>F. Logistics and holding company</i>						
Actimut	100	100	FC	100	100	FC
Adepi	100	93	FC	100	93	FC
Carmen Holding Investissement	84	83	FC	84	82	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	99	FC	100	99	FC
CM-CIC Services	100	100	FC	100	100	FC
CMCP - Crédit Mutuel Cartes de Paiement	59	62	FC	59	61	FC
Cofidis Participations	51	42	FC	51	42	FC
Est Bourgogne Rhone Alpes (EBRA)	100	99	FC	100	99	FC
Efsa	100	93	FC	100	93	FC
Euro-Information	80	79	FC	79	78	FC
Euro-Information Développement	100	79	FC	100	78	FC
EIP	100	100	FC	100	100	FC
EI Telecom (formerly NRJ Mobile)	95	75	FC	95	74	FC
Euro Protection Services			MER	100	83	FC
Euro Protection Surveillance	100	84	FC	100	83	FC
France Est	100	97	FC	100	99	FC
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 - GRLL	100	99	FC	100	99	FC
Impex Finance	100	93	FC	100	93	FC
L'Est Républicain	92	91	FC	92	90	FC
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	93	FC	100	93	FC
Société Civile de Gestion des Parts dans l'Alsace - SCGPA	100	100	FC	100	99	FC
Société Française d'Édition de Journaux et d'Imprimés Commerciaux "l'Alsace" - SFEJIC	99	98	FC	99	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	100	99	FC	100	99	FC
Targo Deutschland GmbH	100	99	FC	100	99	FC
Targo IT Consulting GmbH	100	99	FC	100	99	FC
Targo Management AG	100	99	FC	100	99	FC
Targo Realty Services GmbH	100	99	FC	100	99	FC
Uffigestion 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	93	FC
VTP 5	100	93	FC	100	93	FC
<i>G. Insurance companies</i>						
ACM GIE	100	86	FC	100	84	FC
ACM IARD	96	83	FC	96	81	FC
ACM Nord IARD	49	42	EM	49	41	EM
ACM RE	100	86	FC			NC
ACM Services	100	86	FC	100	84	FC
ACM Vie	100	86	FC	100	84	FC
ACM Vie, Société d'Assurance Mutuelle	100	100	FC	100	100	FC
Agrupació AMCI de Seguros y Reaseguros	60	60	FC			NC
Agrupació Bankpyme pensiones	60	60	FC			NC
Agrupació Serveis Administratius	60	60	FC			NC
AMSYR	60	60	FC			NC
AMDIF	60	60	FC			NC
Assistencia Avançada Barcelona	60	60	FC			NC
Astree	30	26	EM	30	25	EM
Atlancourtage			MER	100	84	FC
Groupe des Assurances du Crédit Mutuel (GACM)	88	86	FC	86	84	FC
ICM Life	100	86	FC	100	84	FC
Immobilier ACM	100	86	FC	100	84	FC
MTRL	100	100	FC	100	100	FC
Partners	100	86	FC	100	84	FC
Procourtage	100	86	FC	100	84	FC
RMA Watanya	22	19	EM	22	18	EM
Serenis Assurances	100	86	FC	100	84	FC
Serenis Vie	100	86	FC	100	84	FC
Royal Automobile Club de Catalogne	49	42	EM	49	41	EM
Voy Mediación	90	76	FC	90	74	FC
<i>H. Other companies</i>						
Affiches d'Alsace Lorraine	100	88	FC	100	88	FC
Agence Générale d'Informations régionales	100	97	FC	100	95	FC
Alsace Média Participation	100	88	FC	100	88	FC
Alsatic			MER	80	70	FC
Alsacienne de Portage des DNA	100	88	FC	100	88	FC
A. Télé			NC	69	48	FC
Cime & mag			MER	100	97	FC
CM-CIC Immobilier	100	99	FC	99	99	FC
Dernières Nouvelles d'Alsace	99	88	FC	99	88	FC
Dernières Nouvelles de Colmar	100	88	FC	100	88	FC

	December 31, 2012			December 31, 2011		
	Percent control	Percent interest	Method *	Percent control	Percent interest	Method *
Distripub	100	98	FC	100	97	FC
Documents AP	100	99	FC	100	99	FC
Est Bourgogne Médias	100	99	FC	100	99	FC
Est imprimerie	100	99	FC	100	95	FC
Est Info TV (formerly Société Alsacienne de Presse et d'Audiovisuelle)			NC	60	53	FC
Europe Régie			MER	66	64	FC
Fonciere Massena	100	86	FC	100	83	FC
France Régie	100	88	FC	100	88	FC
GEIE Synergie	100	42	FC			NC
Groupe Progrès	100	99	FC	100	99	FC
Groupe Républicain Lorrain Imprimeries - GRLI	100	99	FC	100	99	FC
Immocity	100	99	FC	100	99	FC
Imprimerie Michel	100	99	FC	100	99	FC
Interprint	100	99	FC	100	99	FC
Jean Bozzi Communication	100	99	FC	100	99	FC
Journal de la Haute Marne	50	45	EM	50	45	EM
La Liberté de l'Est	97	88	FC	96	91	FC
La Tribune	100	99	FC	100	99	FC
L'Alsace	100	98	FC	100	97	FC
L'Alsace Magazines Editions - L'Ame			MER	100	97	FC
Le Dauphiné Libéré	100	99	FC	100	99	FC
Le Républicain Lorrain	100	99	FC	100	99	FC
Les Editions de l'échiquier	100	98	FC	100	97	FC
Lumedia	50	50	PC	50	49	PC
Massena Property	100	86	FC	100	84	FC
Massimob	100	83	FC	100	81	FC
Mediaportage	100	98	FC	100	97	FC
Presse Diffusion	100	99	FC	100	99	FC
Promopresse	100	99	FC	100	99	FC
Publicité Moderne			MER	100	90	FC
Publiprint Dauphiné	100	99	FC	100	99	FC
Publiprint Province n° 1	100	99	FC	100	99	FC
Républicain Lorrain - TV news	100	99	FC	100	99	FC
Républicain Lorrain Communication	100	99	FC	100	99	FC
Républicain Lorrain Voyages			MER	100	99	FC
Roto Offset Imprimerie	100	98	FC	100	97	FC
SCI ACM (formerly SCI ADS)	100	86	FC	100	84	FC
SCI Alsace	90	88	FC	90	88	FC
SCI Ecriture			MER	100	97	FC
SCI Gutenberg	100	99	FC	100	99	FC
SCI Le Progrès Confluence	100	99	FC	100	99	FC
SCI Roseau d'or			MER	100	97	FC
SDV Plurimédia	20	18	EM	20	18	EM
Société d'édition de l'hebdomadaire du Louhannais et du Jura	100	99	FC	100	99	FC
Société d'édition des hebdomadaires et périodiques locaux			MER	100	98	FC
Sofiliest			MER	100	95	FC
Société de Presse Investissement (SPI)	100	90	FC	100	89	FC
Top Est 88			MER	100	46	FC

* Method:
FC = full consolidation
PC = proportionate consolidation
EM = equity method
NC = not consolidated
MER = merged

Information on sites and activities in non-cooperative countries and territories included in the list established by the decree of April 14, 2012: the group has no sites meeting the criteria stipulated by the decree of October 6, 2009.

NOTE 4 - Cash, central banks

4a - Loans and receivables due from credit institutions

	Dec. 31, 2012	Dec. 31, 2011
Cash and amounts due from central banks		
Due from central banks	9,468	5,431
including reserve requirements	1,940	1,898
Cash	943	875
TOTAL	10,411	6,307
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts (1)	24,462	19,186
Other current accounts	2,206	1,820
Loans	19,696	7,105
Other receivables	2,691	4,451
Securities not listed in an active market	2,344	3,672
Repurchase agreements	1,403	1,141
Individually impaired receivables	925	1,099
Accrued interest	477	439
Impairment provisions	-280	-310
TOTAL	53,924	38,603

(1) mainly outstanding repayments - CDC (Caisse des Dépôts et Consignations) relating to LEP, LDD and Livret bleu passbook savings accounts)

4b - Amounts due to credit institutions

	Dec. 31, 2012	Dec. 31, 2011
<i>Due to central banks</i>	343	282
<i>Due to credit institutions</i>		
Other current accounts	1,302	1,477
Borrowings	25,076	27,597
Other	1,694	4,692
Repurchase agreements	656	2,573
Accrued interest	157	83
TOTAL	29,228	36,704

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

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

	December 31, 2012			December 31, 2011		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
. Securities	15,148	16,325	31,473	13,860	14,745	28,605
- Government securities	1,644	1	1,645	1,409	24	1,433
- Bonds and other fixed-income securities	13,186	2,986	16,173	11,977	3,172	15,149
. Listed	13,186	2,937	16,123	11,977	3,083	15,060
. Unlisted	0	50	50	0	88	88
- Equities and other variable-income securities	317	13,338	13,656	473	11,550	12,023
. Listed	317	11,554	11,872	473	9,822	10,295
. Unlisted	0	1,784	1,784	0	1,728	1,728
. Trading derivative instruments	2,544	0	2,544	2,359	0	2,359
. Other financial assets		10,311	10,311		7,100	7,100
including resale agreements		10,311	10,311		7,096	7,096
TOTAL	17,692	26,637	44,329	16,219	21,845	38,063

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

	Dec. 31, 2012	Dec. 31, 2011
Financial liabilities held for trading	7,627	6,642
Financial liabilities at fair value by option through profit or loss	23,912	24,367
TOTAL	31,539	31,009

Financial liabilities held for trading

	Dec. 31, 2012	Dec. 31, 2011
. Short selling of securities	1,507	1,087
- Government securities	0	0
- Bonds and other fixed-income securities	1,048	641
- Equities and other variable-income securities	458	447
. Trading derivative instruments	5,611	4,752
. Other financial liabilities held for trading	509	802
TOTAL	7,627	6,642

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

	December 31, 2012			December 31, 2011		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
. Securities issued	24	24	0	60	60	0
. Interbank liabilities	23,283	23,281	2	23,691	23,679	12
. Due to customers	604	604	0	615	615	0
TOTAL	23,912	23,909	3	24,367	24,354	13

5c - Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	70,652	514	896	72,062
- Government and similar securities - AFS	11,912	32	0	11,944
- Bonds and other fixed-income securities - AFS	50,787	425	465	51,677
- Equities and other variable-income securities - AFS	6,253	0	159	6,412
- Investments in non-consolidated companies and other LT investments - AFS	930	10	556	1,496
- Investments in associates - AFS	487	47	0	534
Held for trading / Fair value option (FVO)	25,846	16,278	2,204	44,328
- Government and similar securities - Held for trading	1,557	86	1	1,644
- Government and similar securities - FVO	1	0	0	1
- Bonds and other fixed-income securities - Held for trading	10,124	2,670	392	13,186
- Bonds and other fixed-income securities - FVO	2,590	392	4	2,986
- Equities and other variable-income securities - Held for trading	307	0	10	317
- Equities and other variable-income securities - FVO	11,228	417	1,693	13,338
- Loans and receivables due from credit institutions - FVO	0	5,802	0	5,802
- Loans and receivables due from customers - FVO	0	4,510	0	4,510
- Derivative instruments and other financial assets - Held for trading	38	2,401	105	2,544
Hedging derivative instruments	0	1,317	25	1,342
Total	96,214	18,109	3,410	117,733

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading / Fair value option (FVO)	2,082	29,351	105	31,538
- Due to credit institutions - FVO	0	23,283	0	23,283
- Due to customers - FVO	0	604	0	604
- Debt securities - FVO	0	24	0	24
- Subordinated debt - FVO	0	0	0	0
- Derivative instruments and other financial liabilities - Held for trading	2,082	5,440	105	7,627
Hedging derivative instruments	0	2,752	37	2,789
Total	2,082	32,103	142	34,327

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS7:

- Level 1 instruments: valued using stock market prices. In the case of capital markets 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 markets 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.

Level 3 details	Opening bal.	Purchases	Sales	Gains and losses recognized in profit	Other movements	Closing bal.
- Equities and other variable-income securities - FVO	1,733	330	-374	60	-56	1,693

NOTE 6 - Hedging

6a - Hedging derivative instruments

	December 31, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
. Cash flow hedges	4	46	5	44
. Fair value hedges (change in value recognized through profit or loss)	1,338	2,743	929	3,879
TOTAL	1,342	2,789	935	3,923

Fair value hedging is the hedging of exposure against a change in the fair value of a financial instrument attributable to a specific risk. The portion attributable to the hedged risk of changes in the fair value of the hedge and of the hedged items is recognized through profit or loss.

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

Fair value of interest-rate by investment category	Fair value	Fair value	Change in fair value
	Dec. 31, 2012	Dec. 31, 2011	
. financial assets	852	738	114
. financial liabilities	-3,451	-2,813	-638

6c - Analysis of derivative instruments

	December 31, 2012			December 31, 2011		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
<i>Interest-rate derivative instruments</i>						
Swaps	285,289	1,740	4,529	360,202	1,362	3,952
Other forward contracts	14,796	4	2	8,394	4	1
Options and conditional transactions	23,088	92	266	32,039	117	121
<i>Foreign exchange derivative instruments</i>						
Swaps	81,679	20	71	84,374	41	77
Other forward contracts	10,881	401	391	17,422	172	116
Options and conditional transactions	16,193	53	52	17,493	195	195
<i>Derivative instruments other than interest-rate and foreign exchange</i>						
Swaps	13,553	75	138	16,567	374	242
Other forward contracts	1,744	0	0	1,951	0	0
Options and conditional transactions	4,550	158	162	788	95	48
Sub-total	451,773	2,544	5,611	539,229	2,359	4,752
Hedging derivative instruments						
<i>Fair value hedges</i>						
Swaps	65,885	1,338	2,743	74,351	929	3,879
Other forward contracts	0	0	0	0	0	0
Options and conditional transactions	4	0	0	5	0	0
<i>Cash flow hedges</i>						
Swaps	165	4	41	157	4	39
Other forward contracts	0	0	5	0	0	4
Options and conditional transactions	0	0	0	0	1	0
Sub-total	66,055	1,342	2,789	74,513	935	3,923
TOTAL	517,828	3,886	8,400	613,743	3,294	8,675

Note 7 - Available-for-sale financial assets

	Dec. 31, 2012	Dec. 31, 2011 (restated)
. Government securities	11,809	15,148
. Bonds and other fixed-income securities	51,576	48,959
- Listed	50,963	48,237
- Unlisted	613	723
. Equities and other variable-income securities	6,450	5,531
- Listed	6,176	5,349
- Unlisted	274	182
. Long-term investments	1,984	1,996
- Investments in non-consolidated companies	1,332	1,281
- Other long-term investments	160	277
- Investments in associates	488	435
- Securities lent	4	3
- Impaired SCI overdrafts	0	0
. Accrued interest	246	322
TOTAL	72,064	71,956
<i>Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity</i>	-24	-1,314
<i>Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity</i>	636	385
<i>Including impairment of bonds and other fixed-income securities</i>	-94	-713
<i>Including impairment of equities and other variable-income securities and long-term investments</i>	-2,297	-2,286

7a - List of major investments in non-consolidated companies

		Percent interest	Equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 10%	1,463	9,881	207	89
CRH (Caisse de refinancement de l'habitat)	Unlisted	< 40%	312	49,574	4	1
Foncière des Régions	Listed	< 10%	6,040	14,642	752	469
Veolia Environnement	Listed	< 5%	9,835	50,406	29,647	-317

The figures above (excluding the percentage of interest) relate to 2011

7b - Exposure to sovereign risk

The securities issued by the Greek government were contributed to the exchange offer under the Private Sector Involvement (PSI) plan. The securities received in exchange were sold on the market. At December 31, 2012, exposure to the Greek state had been eliminated. This transaction entailed a loss of €30 million, which was recognized in net additions to/reversals from provisions for loan losses.

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.

Changes between December 31, 2011 and December 31, 2012 are due to repayments of maturing securities, changes in value during the year and, to a lesser extent, to some purchases and sales, bearing in mind that purchases and sales may be more frequent for trading securities.

Countries benefiting from aid packages

Net exposure*	December 31, 2012		December 31, 2011	
	Portugal	Ireland	Portugal	Ireland
Financial assets at fair value through profit or loss			50	
Available-for-sale financial assets	63	101	104	99
Held-to-maturity financial assets				
TOTAL	63	101	154	99

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

Residual contractual maturity	Portugal	Ireland	Portugal	Ireland
< 1 year			39	
1 to 3 years	13		20	
3 to 5 years			29	
5 to 10 years	50	94	59	94
> 10 years		7	7	5
Total	63	101	154	99

Other sovereign risk exposures in the banking portfolio

Net exposure	December 31, 2012		December 31, 2011	
	Spain	Italy	Spain	Italy
Financial assets at fair value through profit or loss	204	39	131	99
Available-for-sale financial assets	54	3,472	130	4,396
Held-to-maturity financial assets				
TOTAL	258	3,511	261	4,495

Capital markets activities are shown at market value and other businesses at par value. Outstandings are shown net of credit default swaps.

Residual contractual maturity	Spain	Italy	Spain	Italy
< 1 year	81	30	66	1,266
1 to 3 years	118	2,645	28	2,076
3 to 5 years	29	206	69	375
5 to 10 years	13	382	17	545
> 10 years	16	248	81	233
Total	258	3,511	261	4,495

NOTE 8 - Customers

8a - Loans and receivables due from customers

	Dec. 31, 2012	Dec. 31, 2011
Performing loans	256,784	251,674
. Commercial loans	4,774	5,158
. Other customer loans	251,192	245,553
- Home loans	140,748	137,216
- Other loans and receivables, including resale agreements	110,444	108,337
. Accrued interest	572	592
. Securities not listed in an active market	245	371
Insurance and reinsurance receivables	180	167
Individually impaired receivables	11,061	11,154
Gross receivables	268,025	262,995
Individual impairment	-6,685	-6,896
Collective impairment	-577	-526
SUB-TOTAL I	260,763	255,573
Finance leases (net investment)	8,778	8,475
. Furniture and movable equipment	5,293	5,315
. Real estate	3,112	2,979
. Individually impaired receivables	373	181
Provisions for impairment	-130	-142
SUB-TOTAL II	8,648	8,333
TOTAL	269,411	263,906
<i>of which non-voting loan stock</i>	<i>12</i>	<i>10</i>
<i>of which subordinated notes</i>	<i>19</i>	<i>22</i>

Finance leases with customers

	Dec. 31, 2011	Acquisition	Sale	Other	Dec. 31, 2012
Gross carrying amount	8,475	1,715	-1,385	-27	8,778
Impairment of irrecoverable rent	-142	-26	38	0	-130
Net carrying amount	8,333	1,689	-1,347	-27	8,648

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	2,698	4,704	1,831	9,233
Present value of future minimum lease payments receivable	2,529	4,501	1,820	8,850
Unearned finance income	169	203	11	383

8b - Amounts due to customers

	Dec. 31, 2012	Dec. 31, 2011
. Regulated savings accounts	91,836	81,566
- demand	65,611	56,408
- term	26,225	25,159
. Accrued interest on savings accounts	43	44
Sub-total	91,879	81,610
. Demand deposits	63,430	59,368
. Term accounts and loans	60,147	58,211
. Repurchase agreements	202	151
. Accrued interest	760	662
. Insurance and reinsurance payables	86	84
Sub-total	124,625	118,476
TOTAL	216,503	200,086

NOTE 9 - Held-to-maturity financial assets

	Dec. 31, 2012	Dec. 31, 2011
. Securities	13,730	16,195
- Government securities	0	97
- Bonds and other fixed-income securities	13,730	16,098
. Listed	13,685	11,178
. Unlisted	45	4,920
. Accrued interest	1	13
GROSS TOTAL	13,732	16,208
<i>of which impaired assets</i>	<i>25</i>	<i>121</i>
Provisions for impairment	-14	-87
NET TOTAL	13,718	16,121

NOTE 10 - Movements in provisions for impairment

	Dec. 31, 2011	Additions	Reversals	Other	Dec. 31, 2012
Loans and receivables due from credit institutions	-310	-15	40	5	-280
Loans and receivables due from customers	-7,564	-1,522	1,725	-30	-7,392
Available-for-sale securities	-2,999	-120	727	1	-2,391
Held-to-maturity securities	-87	0	74	0	-14
TOTAL	-10,960	-1,658	2,565	-24	-10,077

At December 31, 2012, provisions for loans and receivables due from customers amounted to €7,392 million (compared to €7,564 million at the end of 2011), of which collective provisions totaled €577 million. Individual provisions essentially relate to overdrawn current accounts, for €887 million (compared to €929 million at the end of 2011), and to provisions for commercial and other loans (including home loans) for €5,797 million (compared to €5,967 million at the end of 2011).

NOTE 11 - Reclassifications 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, 2012		December 31, 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans & receivables portfolio	2,929	2,910	4,539	4,235
AFS portfolio	5,489	5,492	7,413	7,414

	Dec. 31, 2012	Dec. 31, 2011
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	635	-184
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	-498	47
Gains (losses) on reclassified assets, recognized in income (NBI and Net additions to/reversals of provisions for loan losses)	92	-8

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	Carrying amount	Carrying amount
	Dec. 31, 2012	Dec. 31, 2011
RMBS	2,391	3,985
CMBS	333	366
CLO	943	1,543
Other ABS	731	897
CLO covered by CDS	833	721
Other ABS covered by CDS	25	28
Liquidity facilities	351	351
TOTAL	5,606	7,890

Unless otherwise stated, securities are not covered by CDS.

Exposures at December 31, 2012	RMBS	CMBS	CLO	Other ABS	Total
Trading	921	269	15	505	1,710
AFS	478	64	29	75	646
Loans	992		899	151	2,042
TOTAL	2,391	333	943	731	4,398
France	1	2		519	522
Spain	105			68	173
United Kingdom	244			47	291
Europe excluding France, Spain and United Kingdom	706	64	664	72	1,506
USA	1,232	267	279	25	1,803
Rest of the world	103				103
TOTAL	2,391	333	943	731	4,398
US Agencies	447				447
AAA	546	259	383	462	1,650
AA	239		488	53	780
A	188	10	47	150	395
BBB	66	64	12	19	161
BB	101		14		114
B or below	804			47	851
Not rated					0
TOTAL	2,391	333	943	731	4,398
Originating 2005 or before	400	98		28	526
Originating 2006	508	60	180	45	793
Originating 2007	746	175	418	60	1,399
Originating since 2008	736	0	346	598	1,680
TOTAL	2,391	333	943	731	4,398

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	1325	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	1211	8	0	131	1,350
Not rated	0	0	0	0	0
TOTAL	3,985	366	1,543	897	6,791
Originating 2005 or before	943	28	39	207	1,217
Originating 2006	1153	119	595	112	1,979
Originating 2007	1125	174	550	183	2,032
Originating since 2008	764	45	358	396	1,563
TOTAL	3,985	366	1,543	897	6,791

NOTE 13 - Corporate income tax

13a - Current income tax

	Dec. 31, 2012	Dec. 31, 2011
Asset (by income)	1,405	1,607
Liability (by income)	674	561

13b - Deferred income tax

	Dec. 31, 2012	Dec. 31, 2011
Asset (by income)	913	950
Asset (by shareholders' equity)	249	805
Liability (by income)	518	645
Liability (by shareholders' equity)	367	197

Breakdown of deferred income tax by major categories

	December 31, 2012		December 31, 2011	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
- Deferred gains (losses) on available-for-sale securities	249	367	805	197
- Impairment provisions	526		572	
- Unrealized finance lease reserve		144		136
- Earnings of fiscally transparent (pass-through) companies		1		4
- Remeasurement of financial instruments	845	100	909	161
- Accrued expenses and accrued income	140	752	149	952
- Tax losses ⁽¹⁾⁽²⁾	63		123	
- Insurance activities	28	174	31	192
- Other timing differences	77	115	111	144
. Netting	-767	-767	-944	-944
Total deferred tax assets and liabilities	1,162	885	1,755	842

¹ 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: €50 million in 2012 and €122 million in 2011.

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

NOTE 14 - Accruals, other assets and other liabilities

14a - Accruals and other assets

	Dec. 31, 2012	Dec. 31, 2011
Accruals - assets		
Collection accounts	318	604
Currency adjustment accounts	84	334
Accrued income	464	513
Other accruals	2,774	1,911
Sub-total	3,639	3,362
Other assets		
Securities settlement accounts	81	111
Guarantee deposits paid	8,070	7,646
Miscellaneous receivables	6,884	5,760
Inventories	31	42
Other	66	13
Sub-total	15,132	13,571
Other insurance assets		
Technical provisions - reinsurers' share	269	255
Other	83	84
Sub-total	352	339
TOTAL	19,124	17,272

14b - Accruals and other liabilities

	Dec. 31, 2012	Dec. 31, 2011
Accrual accounts - liabilities		
Accounts unavailable due to collection procedures	154	453
Currency adjustment accounts	6	349
Accrued expenses	1,034	874
Deferred income	1,568	1,623
Other accruals	8,602	2,514
Sub-total	11,364	5,814
Other liabilities		
Securities settlement accounts	124	84
Outstanding amounts payable on securities	125	53
Other payables	4,503	3,929
Sub-total	4,752	4,066
Other insurance liabilities		
Deposits and guarantees received	168	150
TOTAL	16,284	10,030

Note 15 - Equity-accounted investments

Equity value and share of net income (loss)

		Dec. 31, 2012			Dec. 31, 2011		
		Percent interest	Investment value	Share of net income	Percent interest	Investment value	Share of net income
ACM Nord	Unlisted	49.00%	22	6	49.00%	19	3
ASTREE Assurance	Listed	30.00%	17	1	30.00%	18	-1
Banca Popolare di Milano (1)	Listed	6.99%	147	-58	6.99%	196	-31
Banco Popular Español (see Note 1b)	Listed	4.37%	410	-105	5.03%	387	27
Banque de Tunisie	Listed	20.00%	52	6	20.00%	52	6
Banque Marocaine du Commerce Extérieur	Listed	26.21%	923	16	24.64%	831	21
CCCM	Unlisted	52.54%	214	6	49.46%	192	4
RMA Watanya (2)	Unlisted	22.02%	209	-25	22.02%	298	16
Royal Automobile Club de Catalogne	Unlisted	48.99%	59	4	48.99%	62	-13
Other	Unlisted		3	1		3	0
TOTAL			2,057	-149		2,058	33

(1) At December 31, 2012, the share price of Banca Popolare di Milano on the Milan Stock Exchange was 45 euro cents. The market value of this investment is €96 million.

(2) Goodwill relating to RMA of €87 million was written down in the amount of €27 million during 2012.

Financial data published by the major equity-accounted entities

	Total assets	NBI or revenues	Net income
ACM Nord	149	134	8
ASTREE Assurance (1) (2)	321	101	13
Banca Popolare di Milano (1)	51,931	1,352	-621
Banco Popular Español	157,618	3,778	-2,461
Banque de Tunisie (1) (2)	3,388	153	58
Banque Marocaine du Commerce Extérieur (1) (3)	207,988	8,140	1,508
CCCM	5,722	26	13
RMA Watanya (1) (3)	239,588	3,973	-297
Royal Automobile Club de Catalogne	177	123	8

(1) 2011 amounts (2) in millions of Tunisian Dinars (3) in millions of Moroccan Dirhams

Banca Popolare di Milano S.C.a.r.l. (BPM):

The investment in BPM is accounted for using the equity method, as CIC, 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 taken from the business plan of July 24, 2012, as the most recent information 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 62 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 point increase in the discount rate would reduce the value in use by 12%.

Based on this valuation, the carrying amount of the equity-accounted investment reported in the financial statements was €147 million (net of any impairment losses). As a reminder, the BPM closing share price on the Milan Stock Exchange was 45 euro cents at December 31, 2012, and the opening price at February 26, 2013 was 51 euro cents. The stock market value of the Group's interest in BPM was €102 million at December 31, 2012, and €115 million at February 26, 2013. As at September 30, 2012, BPM's total assets reported in the consolidated financial statements (IFRS) stood at €52,439 million and shareholders' equity amounted to €4,270 million, including a net loss for the first nine months of 2012 of €106 million.

During the year, the Group recognized in income, in addition to its share of BPM's net loss for the period of €8 million, an impairment of the investment's value in use of €49 million on the line "equity-accounted entities".

Banco Popular Español (BPE):

The investment in BPE is accounted for using the equity method, as the Group and BPE have the following relations of significant influence: representation of Crédit Mutuel - CIC on the Board of Directors of BPE, existence of a banking joint venture between the two groups and numerous mutual commercial agreements on the French and Spanish corporate and retail markets.

The investment's carrying amount reflects the Group's share of BPE's net assets (IFRS) up to its recoverable value, based on its value in use. This is calculated using projected future discounted cash flows distributable to shareholders, taking into account regulatory requirements on credit institutions relating to equity levels. The estimated earnings used are the public forecasts issued by BPE's management, announced in October 2012 and revised after the marketplace stress test carried out on the Spanish banks by Oliver Wyman. The cash flow discount rate was determined using the long-term interest rate on Spanish government debt, plus a BPE risk premium taking into account the sensitivity of its share price to market risk, calculated using the Ibxex 35 index on the Madrid Stock Exchange.

The value in use thus calculated gives a value of €1.25 per BPE share, higher than the total equity-accounted investment of €410 million in the Group's financial statements at December 31. An analysis of sensitivity to key parameters used by the model, in particular the discount rate, shows that a 100 basis point increase in the discount rate would reduce the value in use by 7.8%. Similarly, a 5% decrease in the projected results in BPE's business plan would reduce the value in use by 4.8%. These two cases would not, however, bring into question the equity-accounted value recognized in the group's consolidated financial statements.

As a reminder, the closing share price on the Madrid Stock Exchange was 58.6 euro cents per share at December 31, 2012 and 66 euro cents at February 15, 2013. The stock market value of the Group's portfolio of BPE shares was €216 million at December 31, 2012 and €243 million at February 15, 2013.

NOTE 16 - Investment Property

	Dec. 31, 2011	Additions	Disposals	Other movements	Dec. 31, 2012
Historical cost	1,121	419	-78	0	1,463
Accumulated depreciation and impairment losses	-212	-24	3	0	-234
Net amount	909	395	-75	0	1,229

The fair value of investment property carried at amortized cost was €1,621 million at December 31, 2012.

NOTE 17 - Property, equipment and intangible assets

17a - Property and equipment

	Dec. 31, 2011	Additions	Disposals	Other movements	Dec. 31, 2012
Historical cost					
Land used in operations	449	4	-6	14	461
Buildings used in operations	4,120	185	-53	30	4,282
Other property and equipment	2,298	243	-156	-2	2,383
TOTAL	6,866	432	-215	42	7,126
Accumulated depreciation and impairment losses					
Land used in operations	-3	0	0	2	-1
Buildings used in operations	-2,188	-209	41	-22	-2,379
Other property and equipment	-1,734	-177	94	-8	-1,825
TOTAL	-3,926	-387	135	-28	-4,205
TOTAL - Net amount	2,940	45	-79	14	2,921
<i>Of which buildings rented under finance lease</i>					
Land used in operations	6				6
Buildings used in operations	76			3	79
Total	82	0	0	3	85

17b - Intangible assets

	Dec. 31, 2011	Additions	Disposals	Other movements	Dec. 31, 2012
Historical cost					
. Internally developed intangible assets	15	1	-1	0	15
. Purchased intangible assets	1,670	95	-26	87	1,826
- software	476	10	-16	1	472
- other	1,194	84	-10	86	1,353
TOTAL	1,685	96	-27	87	1,841
Accumulated depreciation and impairment losses					
. Purchased intangible assets	-682	-140	20	5	-797
- software	-248	-63	15	0	-296
- other	-433	-78	5	6	-501
TOTAL	-682	-140	20	5	-797
Net amount	1,004	-45	-7	92	1,044

NOTE 18 - Goodwill

	Dec. 31, 2011	Additions	Disposals (1)	Other movements	Dec. 31, 2012
Goodwill, gross	4,480	12	-74	-3	4,415
Accumulated impairment losses	-182		0	0	-182
Goodwill, net	4,298	12	-74	-3	4,233

(1) Fair value increment adjustment

Subsidiaries	Goodwill at Dec. 31, 2011	Additions	Disposals	Impairment charges/reversals	Other movements	Goodwill at Dec. 31, 2012
Targobank Allemagne	2763					2,763
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Participations	378					378
Targobank Spain (formerly Banco Popular Hipotecario)	183					183
EI Telecom	78					78
CIC Private Banking - Banque Pasche	52				3	55
Banque Casino	27		-1			26
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	242	12	-73		-5	175
TOTAL	4,298	12	-74	0	-2	4,233

The cash generating units to which goodwill is assigned are tested annually to ascertain their recoverable value. Impairment is recognized by writing down goodwill when the recoverable value is less than the carrying value.

Recoverable value is calculated using two methods:

· Fair value minus selling costs, which is based on observing valuation multiples on comparable transactions or market parameters used by analysts on similar entities or activities;

· Value in use, which is based on the discounting to present value of expected future cash flows.

To calculate value in use, cash flows are based on business plans established by management for a maximum period of five years, then on the projection of an infinite flow, according to a long-term growth rate. This rate is set at 2% for the whole of Europe, which is an assumption measured comparatively to the rate of inflation observed over a very long period.

The cash flow discount rate is the capital cost, which is calculated on the basis of a risk-free long-term rate, plus a risk premium. The risk premium is calculated by observing price sensitivity compared with the market in the case of a listed asset, or by analyst estimates in the case of unlisted assets.

The key sensitivity factors in the recoverable value test based on value in use are the discount rate and anticipated future flow levels. If value in use has been implemented as an impairment test, the parameters and sensitivities are as follows:

	Targobank Germany	Targobank Spain	Cofidis	RMA Watanya
	Network bank	Network bank	Consumer credit	Insurance (Morocco)
Capital cost	9.00%	10.50%	9.30%	11.00%
Effect of 100 basis point increase in capital cost	-631	-31	-248	-4
Effect of 10% decrease in future cash flows	-492	-33	-200	-6

Goodwill relating to RMA Watanya was written down in the amount of €27 million in 2012; for other goodwill, the impact through profit or loss of goodwill valuation would be limited to €33 million in the worst-case scenarios considered.

NOTE 19 - Debt securities

	Dec. 31, 2012	Dec. 31, 2011
Retail certificates of deposit	763	744
Interbank instruments and money market securities	49,483	46,601
Bonds	42,447	38,755
Accrued interest	1,227	1,128
TOTAL	93,919	87,227

NOTE 20 - Insurance companies' technical provisions

	Dec. 31, 2012	Dec. 31, 2011
Life	64,199	57,542
Non-life	2,142	2,084
Unit of account	6,164	6,135
Other	207	199
TOTAL	72,712	65,960
Of which deferred profit-sharing - liability	5,990	1,838
Reinsurers' share of technical reserves	269	255
TOTAL - Net technical provisions	72,443	65,705

NOTE 21 - Provisions

	Dec. 31, 2011 (restated)	Additions	Reversals - provisions used	Reversals - provisions not used	Other movements	Dec. 31, 2012
Provisions for risks	395	91	-64	-106	28	344
Signature commitments	139	45	-3	-55	18	144
Financing and guarantee commitments	0	0	0	0	0	0
On country risks	18	0	0	0	-2	16
Provision for taxes	65	19	-23	-19	8	50
Provisions for claims and litigation	147	15	-33	-29	6	106
Provision for risks on miscellaneous receivables	26	12	-5	-3	-2	28
Other provisions	748	143	-87	-67	5	742
Provisions for home savings accounts and plans	105	0	-18	-23	1	65
Provisions for miscellaneous contingencies	365	92	-62	-16	2	381
Other provisions	278	51	-7	-28	2	296
Provisions for retirement benefits	657	122	-31	-7	176	916
Retirement benefits - defined benefit and equivalent, excluding pension funds						
Retirement bonuses	460	66	-11	-1	156	670
Supplementary retirement benefits	103	33	-20	-1	2	117
Long service awards (other long-term benefits)	82	22	0	-3	2	103
Sub-total to statement of financial position	645	121	-31	-5	160	890
Supplementary retirement benefit - defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls ⁽¹⁾	11	1	0	-1	14	26
Sub-total to statement of financial position	11	1	0	-1	14	26
TOTAL	1,800	356	-183	-180	208	2,002

Assumptions	2012	2011
Discount rate ⁽²⁾	2.9%	4.7%
Annual increase in salaries ⁽³⁾	Minimum 1.5%	Minimum 1.8%

(1) The provision for pension fund shortfalls only covers foreign entities.

(2) The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the Iboxx index.

(3) 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

	Dec. 31, 2011 (restated)	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31, 2012
Commitments	772	37		32	21	151	-32		26	-7	999
Non-Group insurance contract and externally managed assets	312		14		0	8		-5			329
Provisions	460	37	-14	32	21	143	-32	5	26	-7	670

	Dec. 31, 2010	Discounted amount	Financial income	Cost of services performed	Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Contributions to the plan	Mobility transfer	Other	Dec. 31, 2011 (restated)
Commitments	395	13		28	4	16	-31			348	772
Non-Group insurance contract and externally managed assets	2									310	312
Provisions	393	13		28	4	16	-31			37	460

A change of plus/minus 50 basis points of discount rates would result, respectively, in a decrease of €56 million/an increased commitment of €63 million. The duration of commitments (excluding foreign entities) is 17 years.

Change in the fair value of plan assets

in € thousands	Fair value of assets Dec. 31, 2011	Discounted amount	Actuarial gains (losses)	Yield of plan assets	Contributions by plan participants	Employer contributions	Payment to beneficiaries	Foreign exchange effect	Other	Fair value of assets Dec. 31, 2011
Fair value of plan assets	579,780	11,265	24,389	14,024	-4,417	113,159	20,011			718,189

Breakdown of the fair values of plan assets

Breakdown of fair value of plan assets	Dec. 31, 2012				Dec. 31, 2011			
	Debt securities	Equity instruments	Real estate	Other	Debt securities	Equity instruments	Real estate	Other
Assets listed on an active market	77%	19%	0%	4%	74%	22%	0%	4%
Assets not listed on an active market	0%	0%	0%	0%	0%	0%	0%	0%
Total	77%	19%	1%	4%	74%	22%	0%	4%

Provisions for home savings accounts and plans signature risk

	Dec. 31, 2012	Dec. 31, 2011
Home savings plan outstandings		
Seniority under 10 years	10,732	13,766
Seniority over 10 years	8,423	4,441
Total	19,155	18,207
Savings account outstandings	3,027	2,952
Total home savings accounts and plans	22,181	21,159
Home savings loans	794	823
Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions)		

Provisions for home savings accounts and plans	Dec. 31, 2011	Net additions/reversals	Other movements	Dec. 31, 2012
On home savings accounts	48	(25)	1	24
On home savings plans	34	(16)	0	18
On home savings loans	23	(1)	1	23
Total	105	(42)	2	65
Analysis of provisions on home savings plans by seniority				
Seniority under 10 years	12	(5)	0	7
Seniority over 10 years	22	(11)	0	11
Total	34	(16)	0	18

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 twofold 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, 2012 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

NOTE 22 - Subordinated debt

	Dec. 31, 2012	Dec. 31, 2011
Subordinated notes	4,795	4,947
Non-voting loan stock	29	39
Perpetual subordinated notes	1,461	1,463
Other debt	1	19
Accrued interest	89	96
TOTAL	6,375	6,563

Main subordinated debt issues

(in € millions)	Type	Issue date	Amount issued	Amount at Dec. 31, 2012 ⁽¹⁾	Rate	Maturity
Banque Fédérative du Crédit Mutuel	Subordinated	July 19, 2001	€700m	€595m	6.50	July 19, 2013
Banque Fédérative du Crédit Mutuel	Subordinated	September 30, 2001	€800m	€791m	5.00	September 30, 2015
Banque Fédérative du Crédit Mutuel	Subordinated	December 18, 2001	€300m	€300m	5.10	December 18, 2015
Banque Fédérative du Crédit Mutuel	Subordinated	June 16, 2008	€300m	€300m	5.50	June 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated	December 16, 2008	€500m	€500m	6.10	December 16, 2016
Banque Fédérative du Crédit Mutuel	Subordinated	December 6, 2011	€1,000m	€1,000m	5.30	December 6, 2018
Banque Fédérative du Crédit Mutuel	Subordinated	October 22, 2010	€1,000m	€917m	4.00	October 22, 2020
CIC	Non-voting loan	May 28, 1985	€137m	€13m	(2)	(3)
Banque Fédérative du Crédit Mutuel	Deeply	December 15, 2004	€750m	€749m	(4)	No fixed maturity
Banque Fédérative du Crédit Mutuel	Deeply	February 25, 2005	€250m	€250m	(5)	No fixed maturity
Banque Fédérative du Crédit Mutuel	subordinated	April 28, 2005	€404m	€390m	(6)	No fixed maturity

(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) 10-year CMS ISDA CIC + 10 basis points.

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

(6) Fixed-rate 4.471 until October 28, 2015 and thereafter 3-month Euribor + 185 basis points.

NOTE 23 - Shareholders' equity

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

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Capital stock and additional paid-in capital and reserves	5,808	5,596
- Capital stock	5,808	5,596
- Premium relating to issue, transfer, merger, split, conversion	0	0
Consolidated reserves	19,627	17,951
- Regulated reserves	7	7
- Other reserves (including effects related to first application of standards)	19,514	17,906
- Retained earnings	106	38
Net income	1,622	1,660
TOTAL	27,057	25,207

The share capital of Caisses de Crédit Mutuel comprises:

- non-transferable A units,
- tradable B units,
- priority interest P units.

B units may only be subscribed by members with a minimum of one A unit. The articles of association of local Caisses limit subscription to B units by the same member to €50,000 (except in the case of reinvestment of the dividend in B units). Pursuant to the law of September 10, 1947, capital may be no lower, after restatement of contributions, than one quarter of its highest previous level.

The purchasing system for B units differs according to whether they were subscribed before or after December 31, 1988:

- units subscribed up to December 31, 1988 may be redeemed at the member's request for January 1 each year. Redemption, which is subject to compliance with measures governing the capital decrease, requires a minimum notice period of three months.
- units subscribed from January 1, 1980 may be redeemed at the member's request with a notice period of five years, except in the case of marriage, death or unemployment. These transactions must also comply with measures governing the capital decrease.

The Caisse may, by resolution of the board of directors and with the agreement of the supervisory board, redeem all or some of the units in this category under the same conditions.

Priority interest P units are issued both by Caisse Régionale du Crédit Mutuel de Normandie, and by the Caisse de Crédit Mutuel "Cautonnement Mutuel de l'Habitat", a mutual loan guarantee company that has been issuing priority interest share capital units since 1999, with subscription reserved for distributors of secured loans outside the CM11 group.

At December 31, 2012, the share capital of Caisses de Crédit Mutuel broke down as follows:

- €177.5 million in A units, compared with €175.8 million at December 31, 2011,
- €5,595.0 million in B and similar units, compared with €5,372.9 million at December 31, 2011,
- €35.2 million in P units, compared with €47.4 million at December 31, 2011.

23b - Unrealized or deferred gains and losses

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Unrealized or deferred gains and losses* relating to:		
Available-for-sale financial assets		
- equities	641	397
- bonds	-24	-1,257
Cash flow hedges	-99	-105
Actuarial gains and losses	-169	-68
Translation adjustments	30	28
Share of unrealized or deferred gains and losses of associates	-53	-36
TOTAL	326	-1,040
Attributable to the Group	269	-990
Non-controlling interests	57	-50
* Net of tax		

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

	Movements 2012	Movements 2011 (restated)
Translation adjustments		
Reclassification in income	0	0
Other movements	2	-5
Sub-total	2	-5
Remeasurement of available-for-sale financial assets		
Reclassification in income	4	143
Other movements	1,472	-908
Sub-total	1,476	-766
Remeasurement of hedging derivative instruments		
Reclassification in income	0	0
Other movements	6	-16
Sub-total	6	-16
Actuarial gains and losses on defined benefit plans	-101	-16
Share of unrealized or deferred gains and losses of associates	-17	-18
TOTAL	1,366	-821

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

	Changes 2012			Changes 2011 (restated)		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	2		2	-5		-5
Remeasurement of available-for-sale financial assets	1,364	112	1476	-1,129	363	-766
Remeasurement of hedging derivative instruments	0	6	6	-19	2	-16
Actuarial gains and losses on defined benefit plans	-140	39	-101	-24	8	-16
Share of unrealized or deferred gains and losses of associates	-17		-17	-18	0	-18
Total gains and losses recognized directly in shareholders' equity	1209	157	1366	-1194	374	-821

NOTE 24 - Commitments given and received

Commitments given	Dec. 31, 2012	Dec. 31, 2011
Financing commitments		
To credit institutions	1,620	1,626
To customers	47,882	52,107
Guarantee commitments		
To credit institutions	1,323	2,265
To customers	13,800	13,677
Commitments on securities		
Other commitments given	255	440
Commitments given by Insurance business line	218	316
Commitments received	Dec. 31, 2012	Dec. 31, 2011
Financing commitments		
From credit institutions	24,313	20,665
From customers	4	0
Guarantee commitments		
From credit institutions	29,132	30,925
From customers	7,327	7,487
Commitments received on securities		
Other commitments received	115	31
Commitments received by Insurance business line	5,611	6,751
Assets pledged as collateral for liabilities	Dec. 31, 2012	Dec. 31, 2011
Loaned securities	4	5
Security deposits on market transactions	8,070	7,646
Securities sold under repurchase agreements	24,726	26,758
Total	32,800	34,409

For refinancing, the Group sells debt and/or shareholders' equity obligations under repurchase agreements, transferring ownership of securities that the beneficiary can then lend in turn. The borrower receives the coupons or dividends. These transactions are subject to margin calls and the Group is exposed to non-return of securities.

At December 31, 2012, the fair value of assets sold under repurchase agreements was €24,322 million.

NOTE 25 - Interest income, interest expense and equivalent

	December 31, 2012		December 31, 2011	
	Income	Expense	Income	Expense
. Credit institutions and central banks	1,111	-1,448	1,350	-1,324
. Customers	13,513	-6,611	13,760	-5,855
- of which finance leases and operating leases	2,679	-2,360	2,681	-2,361
. Hedging derivative instruments	2,886	-3,499	1,885	-2,229
. Available-for-sale financial assets	735		773	
. Held-to-maturity financial assets	389		192	
. Debt securities		-2,094		-2,184
. Subordinated debt		-47		-68
TOTAL	18,634	-13,700	17,960	-11,660

NOTE 26 - Fees and commissions

	December 31, 2012		December 31, 2011	
	Income	Expense	Income	Expense
Credit institutions	17	-3	14	-4
Customers	1,130	-18	1,174	-17
Securities	685	-47	739	-53
<i>Of which funds managed for third parties</i>	<i>474</i>		<i>489</i>	
Derivative instruments	3	-5	4	-13
Foreign exchange	17	-2	19	-3
Financing and guarantee commitments	43	-3	46	-5
Services provided	1,605	-796	1,656	-856
TOTAL	3,500	-874	3,653	-951

NOTE 27 - Net gain (loss) on financial instruments at fair value through profit or loss

	Dec. 31, 2012	Dec. 31, 2011
Trading derivative instruments	667	35
Instruments designated under the fair value option ⁽¹⁾	181	-124
Ineffective portion of hedging instruments	8	-42
. Cash flow hedges	0	0
. Fair value hedges	7	-42
. Change in fair value of hedged items	-840	405
. Change in fair value of hedging items	848	-447
Foreign exchange gains (losses)	43	61
Total changes in fair value	898	-70

(1) of which €93 million relating to the Private Equity business line

NOTE 28 - Net gain (loss) on available-for-sale financial assets

	December 31, 2012			
	Dividends	Realized gains	Impairment	Total
. Government securities, bonds and other fixed-income securities		89	0	89
. Equities and other variable-income securities	7	15	20	42
. Long-term investments	69	43	11	124
. Other	0	-3	0	-4
TOTAL	76	144	31	251

	December 31, 2011 (restated)			
	Dividends	Realized gains	Impairment	Total
. Government securities, bonds and other fixed-income securities		16	0	16
. Equities and other variable-income securities	9	16	-40	-15
. Long-term investments	66	116	-103	79
. Other	0	-82	0	-82
TOTAL	75	67	-143	-1

NOTE 29 - Other income and expense

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Income from other activities		
. Insurance contracts	10,832	9,336
. Investment property	1	1
- reversals provisions/amortization	0	1
- gains on disposals	1	0
. Rebilled expenses	73	69
. Other income	1,628	1,588
Sub-total	12,534	10,994
Expenses on other activities		
. Insurance contracts	-8,838	-7,852
. Investment property:	-24	-22
- net movements in depreciation, amortization and impairment (based on the accounting method selected)	-24	-21
- losses on disposals	-1	-1
. Other expenses	-919	-986
Sub-total	-9,781	-8,860
Other income and expense, net	2,753	2,134

Net income from the Insurance business line

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Earned premiums	7,871	7,869
Claims and benefits expenses	-6,200	-6,018
Movements in provisions	-2,638	-1,854
Other technical and non-technical income and expense	53	69
Net investment income	2,907	1,418
Total	1,994	1,485

NOTE 30 - General operating expenses

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Payroll costs	-4,368	-4,007
Other operating expenses	-2,973	-2,924
TOTAL	-7,341	-6,931

30a - Payroll costs

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Salaries and wages	-2,744	-2,578
Social security contributions	-1,115	-982
Employee benefits	-4	-7
Incentive bonuses and profit-sharing	-209	-171
Payroll taxes	-290	-266
Other expenses	-6	-3
TOTAL	-4,368	-4,007

Number of employees

Average number of employees	Dec. 31, 2012	Dec. 31, 2011
Banking staff	39,830	39,825
Management	22,299	21,320
TOTAL	62,129	61,145
Analysis by country		
France	51,142	50,711
Rest of the world	10,987	10,434
TOTAL	62,129	61,145

Includes 284 employees of Targobank Spain and 92 employees of Banque Casino, consolidated using the proportional method.

Number of employees at end of period*	Dec. 31, 2012	Dec. 31, 2011
	65,863	65,174

* 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).

30b - Other operating expenses

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Taxes and duties	-311	-288
External services	-2,083	-2,066
Other miscellaneous expenses (transportation, travel, etc)	-75	-65
TOTAL	-2,469	-2,419

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

	Dec. 31, 2012	Dec. 31, 2011
Depreciation and amortization	-504	-504
- property and equipment	-397	-391
- intangible assets	-107	-113
Impairment losses	0	-1
- property and equipment	0	0
- intangible assets	0	-1
TOTAL	-504	-505

NOTE 31 - Net additions to/reversals from provisions for loan losses

December 31, 2012	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	TOTAL
Credit institutions	-15	38	-3	0	0	20
Customers	-1,480	1,434	-710	-396	131	-1,020
. Finance leases	-5	8	-5	-3	1	-4
. Other customer items	-1,475	1,426	-705	-393	131	-1,016
Sub-total	-1,495	1,472	-712	-396	131	-1,000
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets (1)	-10	408	-473	-44	31	-89
Other	-57	67	0	-2	0	8
TOTAL	-1,563	1,947	-1,185	-442	162	-1,081

(1) of which -€30 million from the disposal of Greek sovereign debt (see Note 7b)

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	-1,615	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 (1)	-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 million impairment losses on Greek sovereign debt.

NOTE 32 - Gains (losses) on other assets

	Dec. 31, 2012	Dec. 31, 2011
Property, equipment and intangible assets	16	66
. Losses on disposals	-16	-12
. Gains on disposals	32	78
Gain (loss) on consolidated securities sold	0	0
TOTAL	16	66

NOTE 33 - Change in value of goodwill

	Dec. 31, 2012	Dec. 31, 2011
Impairment of goodwill (1)	-27	-9
Negative goodwill recognized in income	0	0
TOTAL	-27	-9

(1) Goodwill relating to RMA of €87 million was written down in the amount of €27 million during 2012.

NOTE 34 - Corporate income tax

Breakdown of income tax expense

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Current taxes	-1,047	-854
Deferred taxes	-14	-89
Adjustments in respect of prior years	4	18
TOTAL	-1,057	-925

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

	Dec. 31, 2012	Dec. 31, 2011 (restated)
Taxable income	3,029	2,712
Theoretical tax rate	36.10%	36.10%
Theoretical tax expense	-1,093	-979
Impact of specific SCR and SICOMI tax rules	25	18
Impact of changes in deferred tax rates	0	30
Impact of the reduced rate on long-term capital gains	44	48
Impact of specific tax rates of foreign entities	4	7
Other	-36	-49
Income tax	-1,057	-925
Effective tax rate	34.91%	34.12%

NOTE 35 - Fair value of financial instruments recognized at amortized cost

The fair values presented are an estimate based on observable inputs at December 31, 2012. 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 CM11-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, 2012.

	Dec. 31, 2012		Dec. 31, 2011	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	53,924	51,164	38,603	36,909
Loans and receivables due from customers	269,411	275,877	263,906	265,489
Held-to-maturity financial assets	13,718	14,636	16,121	16,239
Liabilities				
Due to credit institutions	28,885	28,988	36,422	36,169
Due to customers	216,503	212,283	200,086	197,287
Debt securities	93,919	96,800	87,227	88,487
Subordinated debt	6,375	6,722	6,563	7,249

NOTE 36 - Related party transactions

Statement of financial position items relating to related party transactions

	December 31, 2012			December 31, 2011 (restated)		
	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	2,007	271	4,737	2,566	160	4,009
Loans and receivables due from customers	0	0	36	0	0	44
Securities	12	0	354	27	0	501
Other assets	6	2	35	0	4	17
TOTAL	2,025	272	5,162	2,593	163	4,571
Liabilities						
Deposits						
Due to credit institutions	3,786	3	867	3,745	0	2,615
Due to customers	0	4	2,103	0	0	38
Debt securities	115	0	1,102	139	0	864
Other liabilities	0	0	207	0	0	174
TOTAL	3,901	6	4,279	3,885	0	3,691
Financing and guarantee commitments						
Financing commitments given	0	76	0	0	102	0
Guarantee commitments given	0	21	60	1,108	0	54
Financing commitments received	0	0	0	0	0	0
Guarantee commitments received	0	0	282	0	0	226

Income statement items relating to related party transactions

	December 31, 2012			December 31, 2011		
	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	23	1	89	64	0	107
Interest paid	-37	0	-55	-62	0	-75
Fee and commissions received	0	1	11	0	0	24
Fee and commissions paid	0	0	-6	0	0	-11
Other income (expense)	26	5	-29	17	4	-121
General operating expenses	0	7	-15	0	1	-25
TOTAL	11	13	-5	19	4	-100

The Confédération Nationale included Crédit Mutuel's regional federations not associated with the CM11-CIC Group.

In the case of companies consolidated using the proportional method (Banque Casino, Bancas and Targobank Spain) the amounts include the portion of intercompany transactions not eliminated on consolidation.

Relationships with the Group's key management

Remuneration received by the Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC. It may include a fixed and a variable portion. This remuneration is set by the deliberative bodies based on proposals from remuneration committees of the respective boards of directors. The Group's officers and directors may also receive the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

They did not receive any equity securities, warrants or options to purchase shares of entities under Group control. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies or 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.

Total remuneration paid to key management	Dec. 31, 2012		Dec. 31, 2011	
	Total remuneration		Total remuneration	
Amounts in € thousands				
Corporate officers - Management Committee - Board members who receive remuneration	5,267		5,334	

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 BCFM 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 BCFM employees. 2012 contributions to the insurance company amounted to €17,604 and covered the entire commitment.

NOTE 37 - Events after the reporting period and other information

The consolidated financial statements of the CM11-CIC Group at December 31, 2012 were approved by the Board of Directors at its meeting of March 1, 2013.

NOTE 38 - Exposure to risk

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

NOTE 39 - Statutory auditors' fees

	ERNST & YOUNG				KPMG AUDIT			
	Amount		%		Amount		%	
	2012	2011	2012	2011	2012	2011	2012	2011
Audit								
Statutory audit, certification and review of financial statements								
- BFCM	178	151	5%	5%	226	242	3%	4%
- Fully consolidated subsidiaries	2,731	2,775	80%	86%	4,469	4,418	63%	78%
Other assignments and services directly related to the statutory audit (1)								
- BFCM	45		1%	0%	35	19	0%	0%
- Fully consolidated subsidiaries	389	211	11%	7%	398	327	6%	6%
Sub-total	3,343	3,137	98%	98%	5,127	5,006	72%	89%
Other services provided by the networks to fully consolidated subsidiaries								
- Legal, tax and employee-related			0%	0%	19		0%	0%
- Other	73	74	2%	2%	1,948	630	27%	11%
Sub-total	73	74	2%	2%	1,967	630	28%	11%
Sub-total	3,416	3,211	100%	100%	7,094	5,636	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 €8,648 thousand for the year 2012.

Statutory auditors' report on the consolidated financial statements of CM11-CIC

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 modified or not. This information is presented below the audit opinion on the consolidated financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered 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 balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the group's management report.

This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

KPMG Audit

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92400 Courbevoie - Paris-La Défense 1, France
S.A.S. à capital variable
(simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

CM11-CIC Group

Year ended December 31, 2012

Statutory auditors' report on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting, we hereby report to you for the year ended December 31, 2012 on:

- the audit of the accompanying consolidated financial statements of the CM11-CIC Group;
- 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, 2012 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.

Without qualifying our opinion, we draw your attention to Notes 1.1 and 21 to the consolidated financial statements, which describe the early application as from January 1, 2012 of IAS 19 revised standard and its impact on the consolidated financial statements as at December 31, 2012.

II. Justification of our assessments

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 1.3 and 12 to the consolidated financial statements. We examined the control system applied to these models and methods, the parameters used and the identification of the financial instruments to which they apply.
- 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 1.3 and 7 to the consolidated financial statements). We examined the control system applied to the identification of impairment indicators, the valuation of the most significant items, and the estimates that led, where 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 1.3 and 18 to the consolidated financial statements). We examined the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates that led, where applicable, to impairment losses.
- The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1.3, 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 provisions.
- The Group accounted for a correction of error over prior periods in the consolidated financial statements, as indicated in Notes 1.1 and 15 to the consolidated financial statements. The investment in Banco Popular Español (BPE) is now recognized according to the equity method. We examined the methods used with respect to this recognition, the main assumptions and parameters used and the resulting estimates. We also verified the correct restatement of the 2011 consolidated financial statements and the information provided in this respect in Note 15 to the consolidated financial statements.
- The Group records provisions for employee benefit obligations (Notes 1.3 and 21 to the consolidated financial statements). We examined the method used to assess these obligations, as well as the main assumptions and calculation methods used. With regard to the early application of IAS 19 revised standard, we verified the correct restatement of shareholders' equity as at January 1, 2012, and the information provided in Note 1.1 to the consolidated financial statements regarding the impact on financial year 2011.

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, 2013

The Statutory Auditors

KPMG Audit
KPMG S.A. Department
French original signed by
Jean-François Dandé

ERNST & YOUNG et Autres
French original signed by

Olivier Durand