Information document of Banque Fédérative du Crédit Mutuel

a French incorporated company (société anonyme) and the CM11-CIC Group, a French mutual banking group.

Dated as of 20 September 2012

Crédit Mutuel
Banque Fédérative

Important Preliminary Note

This document contains information on the CM11-CIC Group (and its predecessors), the Banque Féderative du Crédit Mutuel (BFCM) and various other entities in the CM11-CIC Group. It may be incorporated by reference in offering documents for securities issuances by BFCM or its affiliates (including Crédit Mutuel-CIC Home Loan SFH), but it does not constitute an offer of any securities. Offers of securities may be made only by a prospectus or other offering document that describes the terms of the relevant securities and their plan of distribution.

The information in this document is derived from documents published by the CM11-CIC Group, BFCM and certain of their affiliates, including CIC. Those published documents may include annual and interim reports, investor presentations and other written communications. The information in those published documents (other than that specifically contained herein) is not part of this document.

The information in this document is accurate and complete only as of the date set forth on the cover page hereof. There may be supplements to this document or other documents published subsequent to the date hereof that could supersede or render obsolete some of the information in this document. In addition, the prospectus or other offering document for an offering may contain or incorporate by reference information on important recent developments that is not contained in this document.

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Terminology

In this Information Document, the following terms have the respective meanings set forth below (and, where the context permits, are deemed to include any successors). See "History and Structure of the CM11-CIC Group" for important information relating to the entities and groups referred to in these definitions.

"**BFCM**" means the Banque Fédérative du Crédit Mutuel.

"**BFCM Group**" means BFCM and its consolidated subsidiaries and associates.

"**CF de CM**" means the Caisse Fédérale de Crédit Mutuel.

"**CIC**" means Crédit Industriel et Commercial (CIC), which is the largest subsidiary of BFCM and the CM11-Group.

"**CM11-CIC Group**", "**CM10-CIC Group**" and "**CM5-CIC Group**" means the mutual banking group that includes the local Crédit Mutuel banks that are members of the relevant Federations (11 federations, 10 federations or 5 federations, as the case may be), and of the CF de CM, as well as the entities that are part of the BFCM Group.

"**Federation**" means each of the 11 regional federations formed by groups of Local Banks to serve their mutual interests, centralizing their products, funding, risk management and administrative functions as well as the group-wide Federation of which each of the regional federations is a member.

"**Group**" means the CM11-CIC Group as from 1 January 2012, the CM10-CIC Group for the period from 1 January 2011 to 31 December 2011 and the CM5-CIC Group for the period from 1 January 2009 to 31 December 2010.

"**Local Banks**" means the local Crédit Mutuel mutual banks (*caisses locales de Crédit Mutuel*) that are members of the Group at the relevant time. The non-capitalized term "local banks" refers to the Local Banks that are members of the Group, as well as the local Crédit Mutuel mutual banks that are members of federations that are not part of the Group.

Forward-Looking Statements

This Information Document contains forward-looking statements. Such items in this Information Document include, but are not limited to, statements made under "Risk Factors Relating to the Group and the BFCM Group". Such statements can be generally identified by the use of terms such as "anticipates", "believes", "could", "expects", "may", "plans", "should", "will" and "would", or by comparable terms and the negatives of such terms. By their nature, forward-looking statements involve risk and uncertainty, and the factors described in the context of such forward-looking statements in this Information Document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. We have based forward-looking statements on our expectations and projections about future events as of the date such statements were made. These forward-looking statements are subject to risks, uncertainties and assumptions about BFCM or the CM11-CIC Group, including, among other things:

- The risks inherent in banking activities including credit risks, market and liquidity risks, operational risks and insurance risks;
- Risks relating to volatile global market and weak economic conditions, and particularly current economic conditions affecting sovereigns and financial institutions in Europe;
- Risks resulting from recent and proposed legislative and regulatory action affecting financial institutions in France, in Europe and globally.
- The risk to the Group's business and profitability if BFCM were no longer to maintain high credit ratings;
- The risk that the Group's risk management policies may not be effective to prevent losses;
- The impact of competition on the Group's business and operations;
- Lower revenue generated from brokerage and other commission- and fee-based businesses during market downturns;
- The risk to the Group's liquidity if it is unable to sell assets when needed;
- Risks relating to potential changes in interest rates and their impact on profitability;
- The Group's hedging strategies may not prevent losses;
- The Group may not be able to attract and retain qualified employees;
- The Group's provisions are based on assumptions and therefore may prove to be insufficient;
- The effects of the Group's organizational structure and BFCM's position in the Group;
- The fact that local banks outside the Group operate under the Crédit Mutuel name and are part of a mutual liquidity support system to which the Group must contribute if needed; and
- Other factors described in this Information Document under "Risk Factors Relating to the Group and the BFCM Group" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

Presentation of Financial Information

The financial data presented in this Information Document are presented in euros.

The audited consolidated financial statements of the BFCM Group and the Group as of 31 December 2011 and 2010 and for the years ended 31 December 2011, 2010 and 2009, and the unaudited consolidated financial statements of the BFCM Group and the Group as of and for the six month period ended 30 June 2012, have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS). The BFCM Group's and the Group's fiscal year ends on 31 December, and references in this Information Document to any specific fiscal year are to the twelve-month period ended 31 December of such year.

Certain financial information regarding the BFCM Group and/or the Group presented herein constitute non-GAAP financial measures, which exclude certain items contained in the nearest IFRS financial measure or which include certain amounts that are not contained in the nearest IFRS financial measure.

Due to rounding, the numbers presented throughout this Information Document may not add up precisely, and percentages may not reflect precisely absolute figures.

Correction of an Error in the Interim Unaudited Consolidated Financial Statements

During the preparation of the interim unaudited consolidated financial statements of each of the Group and the BFCM Group as at and for the six month period ended 30 June 2012, an error was identified with respect to the accounting treatment of the investment in Banco Popular Español (BPE), which was accounted for under the equity method for the first time in such financial statements. The error was corrected in the financial information for the six month period ended 30 June 2011 included in each of the Group's and the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012 included herein. The correction and its impact on the net income and total assets of each of the Group and the BFCM Group are described in note 1b to each of the Group's and the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012. The equity method accounting treatment of BPE results from the significant influence the Group has had over BPE since the end of the 2010 fiscal year. The audited consolidated financial statements as at and for the years ended 31 December 2011 and 2010 of each of the Group and the BFCM Group have not been restated for this error, as the amounts involved were not material.

Industry and Market Data

In this Information Document, BFCM and the Group rely on and refer to information regarding the banking, insurance, finance and related industries, their markets, and their competitive position in the sectors in which they compete. Unless otherwise indicated, BFCM and the Group obtained this information from internal analyses based on the public documents of competitors and industry publications. BFCM and the Group believe that information sources they have used are reliable, but they have not independently verified such information, and none of BFCM or the Group makes any representation as to its accuracy or completeness. Similarly, although BFCM and the Group believe that the market data they have cited is useful in understanding their market positions relative to their competitors, the nature of their industries often makes it difficult to obtain precise and accurate market data, and undue reliance should not be placed on these figures.

Summary Description of BFCM and the CM11-CIC Group

This summary does not contain all of the information that may be important to investors. Investors should read carefully the entire Information Document for more information about BFCM and the CM11-CIC Group.

BFCM and the CM11-CIC Group

BFCM is a licensed French credit institution that is part of the CM11-CIC Group, a major French mutual banking group. The CM11-CIC Group includes two French retail banking networks (the first made up of the Local Banks in the 11 French regional federations in the Crédit Mutuel network, and the second being the CIC network, which operates throughout France), as well as affiliates with activities in international retail banking, consumer finance, insurance, financing and market activities, private banking and private equity.

BFCM plays two principal roles in the CM11-CIC Group. First, BFCM is the central financing arm of the Group, acting as the principal issuer of debt securities in international markets. In this capacity, BFCM provides financing to Group financial institutions to meet their funding needs that are not met with customer deposits. Second, BFCM is the holding company for substantially all of the Group's businesses, other than the Crédit Mutuel retail banking network.

BFCM has its headquarters at 34, rue du Wacken, 67000 Strasbourg, France, telephone +33 (0)3 88 14 88 14. BFCM is registered with the *Registre du Commerce et des Sociétés de Strasbourg*, under registration number C 322 190 109.

Business of the CM11-CIC Group

The CM11-CIC Group is a mutual banking organization that serves approximately 22.9 million customers through 4,563 local banks and branches, mainly in France, as well as internationally in Germany, Spain and other countries. It includes 1,329 local mutual banks ("*caisses locales*" or "Local Banks") that are autonomous but cooperate through 11 regional federations (including one that joined as of 1 January 2012 and five that joined as of 1 January 2011), subsidiaries such as CIC (France) and TARGOBANK (Germany and Spain), and other subsidiaries and affiliates in France and abroad.

The Group's focus is retail banking and insurance, which together represented over 92% of the Group's net banking income in 2011. Approximately 81% of the Group's 2011 net banking income was generated in France.

The Group had net banking income of €11,053 million and net income (Group share) of €1,623 million in 2011 (when it included ten federations and was known as the CM10-CIC Group). As of 31 December 2011, the CM10-CIC Group had total customer savings of €459.0 billion, including customer deposits of €193.6 billion and managed savings (such as mutual funds and life insurance) of €265.4 billion. As of 31 December 2011, the CM10-CIC Group had outstanding customer loans of €263.9 billion, including €137.5 billion of French home loans. Its shareholders' equity, group share, was €24.1 billion.

In the first half of 2012, the Group had net banking income of €5,831 million and net income (Group share) of €815 million (when it included eleven federations and was known as the CM11-CIC Group). Its shareholders' equity, group share, was €26.0 billion.

The CM11-CIC Group operates in five principal business segments:

- **Retail Banking** (83.3% of 2011 net banking income, before inter-segment eliminations). The retail banking segment provides customers with deposit-taking and lending services, as well as services such as leasing, factoring, mutual funds and employee savings schemes. It also distributes the Group's insurance products. The segment includes primarily the activities of two French retail networks and certain other subsidiaries and affiliates:

– The Crédit Mutuel network, which serves approximately 6.5 million customers through1,329 Local Banks that are owned by approximately 4.3 million member-shareholders. The Local Banks in the CM11-CIC group operate in 11 regions of France, including important markets such as Paris, Lyon, Strasbourg and the French Riviera.

– The CIC network, which serves 4.5 million retail customers through 2,108 branches of five regional banks operating throughout France. The CIC network is operated by wholly-owned subsidiaries of BFCM. The CIC network holds a strong position with small and medium-sized enterprises, as well as with individual customers.

– Several subsidiaries and affiliates, including TARGOBANK Germany (which provides mainly consumer finance to 3.1 million customers through 332 branches and advisory centres in 200 cities in Germany), TARGOBANK Spain (a partnership with Banco Popular Español, which concentrates in home loans and operates through 124 branches in three regions of Spain), and Cofidis (which is a leader in the French consumer finance market serving approximately 7.5 million customers across Europe, with €7,638 million of outstanding consumer loans as of 31 December 2011).

- **Insurance** (8.7% of 2011 net banking income, before inter-segment eliminations). The Group's insurance segment operates through Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries. GACM provides customers with a range of life and non-life insurance products, insurance brokerage, reinsurance, burglary protection and automobile maintenance insurance. The Group's insurance products are marketed primarily through the Crédit Mutuel Local Banks, CIC branches and, since the beginning of 2011, Cofidis.

- **Financing and Market** (8.0% of 2011 net banking income, before inter-segment eliminations). The Group's financing and market segment includes two main activities: financing of large companies and institutional clients (including project and asset-based financing), and market activities in fixed income, exchange rate products and equities, both for customers and for the Group's own account. This segment also includes BFCM's activities in its capacity as the Group's central funding arm.

- **Private Banking** (3.9% of 2011 net banking income, before inter-segment eliminations). Private banking offers financial advice and wealth management solutions to suit the needs of high net worth individuals, particularly entrepreneurs and executives, in France, Luxembourg, Switzerland, Belgium and the United Kingdom.

- **Private Equity** (0.8% of 2011 net banking income, before inter-segment eliminations). This segment, which operates under the name CM-CIC Capital Finance, comprises private equity activities conducted both for the Group's own account and for customers.

In addition to these five principal segments, the Group has a "logistics, holding and other" segment that includes intermediary holding companies as well as interests in affiliates with businesses in areas such as information technology, real estate and the press.

The BFCM Group

The BFCM Group includes BFCM and its consolidated subsidiaries, including CIC. All entities in the BFCM Group are also in the CM11-CIC Group. The principal difference between the CM11-CIC Group and the BFCM Group is that the BFCM Group does not include any of the Local Banks.

The BFCM Group had net banking income of €7,753 million and net income (group share) of €817 million in 2011. Retail banking is the largest activity of the BFCM Group, representing €6,214 million of net banking income in 2011. Insurance and financing and market activities are the second and third largest business segments, representing €875 million and €886 million, respectively, of net banking income in 2011. At 31 December 2011, the BFCM Group had outstanding customer loans of €165.4 billion. Its shareholders' equity, group share, was €10.6 billion.

History and Structure of the CM11-CIC Group

The CM11-CIC Group traces its roots to 1882, when the first Crédit Mutuel local bank was founded in the Alsace region in Northeastern France. Initially, loans were granted only to members, who were also the owners of the local banks. All profits were placed in a non-distributable reserve. Although the Local Banks now welcome customers who are not members, and distribute a modest portion of their profits to their members, they are still guided by the co-operative principles that were present at the founding of the Group.

Over time, the number of local banks in the Crédit Mutuel network expanded, and they formed regional federations to serve their mutual interests. Eighteen regional federations currently exist nationwide, varying widely in their number of local banks and clients and their economic weight. Over time, a number of these regional federations have joined together to form the Group. Through the Group, these federations centralize their products, funding, risk management and administrative functions, as well as holding interests in affiliates in France and internationally.

As of 1 January 2009, the Group included five regional federations, and the Group was called CM5-CIC. Five additional regional federations joined as of 1 January 2011 (CM10-CIC) and another regional federation joined as of 1 January 2012 (CM11-CIC). The 11 regional federations that currently form the CM11-CIC Group include 1,329 Local Banks as members. The regional coverage of the 11 federations in the Group is illustrated by the following diagram:

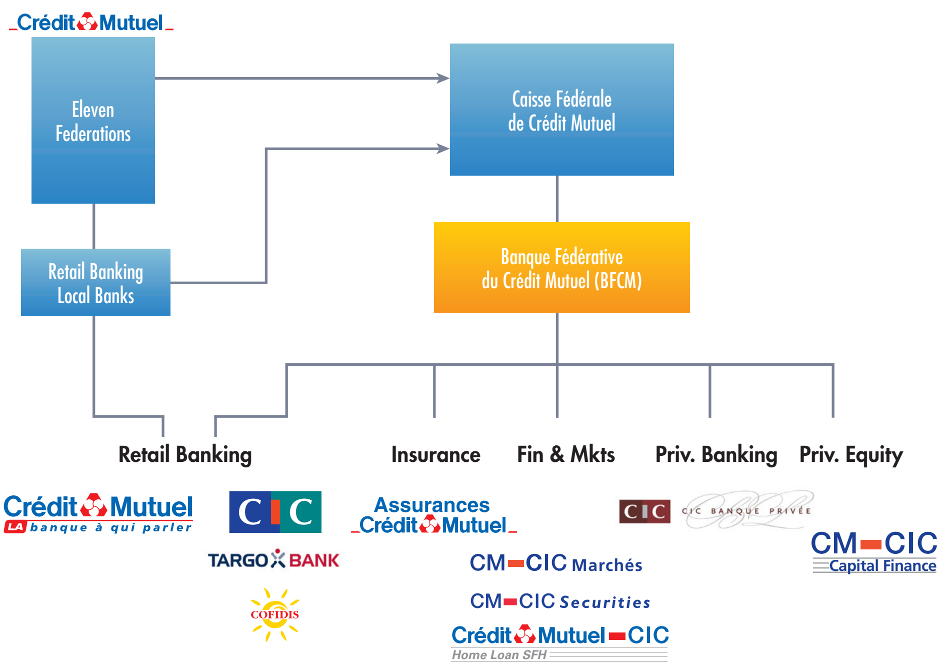
The strategy and policies of the CM11-CIC Group are determined by a group-wide body (known as the "*Chambre Syndicale*"), with headquarters in Strasbourg, in which each of the regional federations is represented. Funding needs are met by a group central bank, the Caisse Fédérale de Crédit Mutuel (CF de CM), which takes deposits from and provides financing to the Local Banks. CF de CM in turn owns substantially all of BFCM (the remainder is owned by certain Local Banks). BFCM raises funds in international markets on behalf of the Group, which it on-lends to the Local Banks (through CF de CM), and also provides funding for other businesses of the Group. BFCM also holds substantially all of the Group's interests in entities other than those in the Crédit Mutuel network.

Over time, the Group has acquired interests in financial institutions with complementary activities. The most significant acquisition was Crédit Industriel et Commercial (CIC), of which 67% was acquired in 1998 and most of the remainder in 2001 (CIC still maintains a small public float). The CIC group operates through five regional banks that together cover all of France, and also operates the Group's financing and markets, private banking and private equity businesses. CIC also has three foreign branches (New York, London and Singapore) and 36 representative offices around the world.

In 2008, the Group acquired Citibank Deutschland (now TARGOBANK Germany), and in 2009, the Group acquired a controlling interest in the consumer finance group Cofidis. In 2010, the Group created a 50/50 partnership with Banco Popular Español, currently known as TARGOBANK Spain. The Group has also developed various partnerships and acquired various minority interests, including interests in Banca Popolare di Milano, Banque de Tunisie, and Banque Marocaine du Commerce Extérieur.

The following diagram illustrates the structure of the CM11-CIC Group as of the date of this Information Document:

◆ ***Cooperative shareholders***



There are seven other regional Crédit Mutuel federations that are not part of the CM11-CIC Group. All eighteen federations are members of the Confédération Nationale du Crédit Mutuel, which represents all of the local banks in the eighteen federations in dealings with French banking regulators and is responsible for oversight and supervision of the local banks. In addition, the Confédération Nationale du Crédit Mutuel administers a mutual financial and liquidity support mechanism covering all eighteen federations, pursuant to which each federation agrees to provide liquidity to support the other federations if the need arises, as determined by the Confédération National du Crédit Mutuel. Similarly, there are mechanisms within each federation to provide financial and liquidity support among local banks. See "History and Structure of the CM11-CIC Group—The CM11-CIC Group and the Eighteen Crédit Mutuel Federations—Financial Solidarity Mechanism".

Strengths and Strategy

The CM11-CIC Group is a cooperative organisation that has remained true to the basic principles established at its founding in the late 19th century – service to members and the promotion of rational development. These principles are the basis for the Group's strong identity and sound credit profile, with the image of a safe retail bank that has been strengthened during the financial crisis. The Group has a well-balanced, high quality asset portfolio, structurally strong capital levels and a good capacity to source liquidity internally and externally. It is positioned from a human, material and financial perspective to continue its record of prudent growth, based on its position as a cooperative banking group focussed on retail banking and insurance, with an attractive model for the combined federations, progressive and well-controlled European development, a conservative and prudent approach to risk taking and a strong level of liquidity and capitalization, as a result of the cooperative banking model that provides strong capitalization and a modest distribution of profits.

By following these principles, the CM11-CIC Group has become one of the leading banking groups in France, with a 17.1% market share in home loans (third in the market) and a 14.8% market share in deposits as of the end of 2011, in each case based on data from the *Banque de France*. The Group has been a pioneer in developing new products that are complementary to its core business. It was the first French banking group to provide insurance to customers, a decision initially made to attract retail banking customers, which over time has made the Group the leader in non-life insurance provided by banks in France. The Group is continuing this tradition with leading technological offers, including a leading internet banking service, mobile telephone subscriptions and e-money programs for customers.

Financial Structure and Capital Adequacy Ratios

Approximately 90% of the Group's annual profits are retained, which serves to strengthen the Group's financial structure and to reinforce the cooperative nature of the Group. The Group's financial structure also benefits from the concentration of its activities in retail banking, as well as its limited presence in the most volatile product and geographic markets.

The Tier 1 capital ratio of the Group (based on Basel II Standards) was 10.8% as of 31 December 2010 (when the Group included five federations), 11.0% as of 31 December 2011 (when the Group included ten federations) and 13.0% as of 30 June 2012 (when the Group included eleven federations). For more detail, including a description of the expected impact of the Basel III standards, see "Capital Adequacy of the Group".

Summary Financial Data for the Group

Investors should read the following summary consolidated financial data together with the historical consolidated financial statements of the Group, the related notes thereto and the other financial information included in this Information Document. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, and have been audited by Ernst & Young et Autres and KPMG Audit. The Group expanded from five federations to 10 federations on 1 January 2011, and to 11 federations on 1 January 2012 (the latter expansion is not reflected in the 2011 data below). The financial information for the six month period ended 30 June 2011 included in the Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012 included herein was corrected for an error that was identified in the preparation of such financial statements and is described in note 1b to such financial statements. The consolidated audited financial statements as at and for the years ended 31 December 2010 and 2011 and the below summary consolidated financial data for such years have not been restated for this error.

◆ *Summary Consolidated Balance Sheet Data of the Group*

	At 31 December		At 30 June
	2010 (CM5-CIC)	2011 (CM10-CIC)	2012 (CM11-CIC) (unaudited)
		(in millions of euros)	
Assets			
Financial assets at fair value through profit or loss	41,229	38,063	44,174
Available-for-sale financial assets	76,529	72,204	71,440
Loans and receivables due from credit institutions	40,113	38,603	46,091
Loans and receivables due from customers	229,304	263,906	268,812
Held-to-maturity financial assets	10,733	16,121	13,398
Other assets	36,354	39,436	39,484
Total Assets	**434,262**	**468,333**	**483,399**
Liabilities and Shareholders' Equity			
Financial liabilities at fair value through profit or loss	34,551	31,009	30,508
Due to credit institutions	27,850	36,422	33,934
Due to customers	163,467	200,086	207,506
Debt securities	95,035	87,227	89,691
Technical reserves of insurance companies	66,018	65,960	68,397
Provisions	1,529	1,747	1,747
Remeasurement adjustment on interest rate risk-hedged portfolios	(1,963)	(2,813)	(3,254)
Current tax liabilities	527	561	657

	At 31 December 2010 (CM5-CIC)	2011 (CM10-CIC)	At 30 June 2012 (CM11-CIC) (unaudited)
		(in millions of euros)	
Deferred tax liabilities	939	842	942
Accruals and other liabilities	12,098	10,030	14,396
Subordinated debt	7,155	6,563	6,542
Minority interests	3,431	2,385	2,275
Shareholders' equity - Group share	**20,508**	**24,109**	**26,011**
Total Liabilities and Shareholders' Equity	**434,262**	**468,333**	**483,399**

◆ *Summary Income Statement Data of the Group*

	Year ended 31 December 2009 (CM5-CIC)	2010 (CM5-CIC)	2011 (CM10-CIC)	Six month period ended 30 June, 2011 (unaudited) (CM10-CIC) (restated)	2012 (unaudited) (CM11-CIC)
			(in millions of euros)		
Net banking income	**10,122**	**10,889**	**11,053**	**6,096**	**5,831**
Gross operating income/(loss)	**4,174**	**4,533**	**4,111**	**2,518**	**2,051**
Cost of risk	(1,987)	(1,305)	(1,456)	(678)	(568)
Operating income/(loss)	**2,187**	**3,228**	**2,656**	**1,840**	**1,483**
Share of income/(loss) of affiliates	31	26	6	(1)	(58)
Net income attributable to equity holders of the parent	**1,194**	**1,961**	**1,623**	**1,131**	**815**

Summary Financial Data for the BFCM Group

Investors should read the following summary consolidated financial data together with the historical consolidated financial statements of the Group, the related notes thereto and the other financial information included in this Information Document. The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards, as adopted in the European Union, and have been audited by Ernst & Young et Autres and KPMG Audit. The Group expanded from five federations to 10 federations on 1 January 2011, and to 11 federations on 1 January 2012 (the latter expansion is not reflected in the 2011 data below). The financial information for the six month period ended 30 June 2011 included in the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012 included herein was corrected for the error that was identified in the preparation of such financial statements and is described in note 1b to such financial statements. The consolidated audited financial statements as at and for the years ended 31 December 2010 and 2011 and the below summary consolidated financial data for such years have not been restated for this error.

◆ *Summary Consolidated Balance Sheet Data of the BFCM Group*

	At 31 December		At 30 June
	2010	2011	2012 (unaudited)
		(in millions of euros)	
Assets			
Financial assets at fair value through profit or loss	40,120	36,875	42,969
Available-for-sale financial assets	68,041	64,374	63,435
Loans and receivables due from credit institutions	65,415	66,055	65,830
Loans and receivables due from customers	159,542	165,358	166,003
Held-to-maturity financial assets	8,926	14,377	11,418
Other assets	33,220	35,164	35,160
Total Assets	**375,264**	**382,200**	**384,815**
Liabilities and Shareholders' Equity			
Financial liabilities at fair value through profit or loss	34,194	30,928	30,157
Due to credit institutions	38,193	49,114	40,522
Due to customers	116,325	126,146	127,982
Debt securities	94,646	86,673	89,144
Technical reserves of insurance companies	55,442	55,907	58,154
Provisions	1,420	1,365	1,366
Remeasurement adjustment on interest rate risk-hedged portfolios	(1,331)	(1,664)	(1,889)
Current tax liabilities	395	387	434

	At 31 December 2010	 2011	At 30 June 2012 (unaudited)
		(in millions of euros)	
Deferred tax liabilities	850	771	849
Accruals and other liabilities	10,429	7,596	12,294
Subordinated debt	8,619	8,025	8,010
Minority interests	3,151	3,072	3,098
Shareholders' equity - Group share	**10,430**	**10,623**	**11,705**
Total Liabilities and Shareholders' Equity	**375,264**	**382,200**	**384,815**

◆ *Summary Income Statement Data of the BFCM Group*

	Year ended 31 December 2009	 2010	 2011	Six month period ended 30 June, 2011 (unaudited) (restated)	 2012 (unaudited)
			(in millions of euros)		
Net banking income	**7,908**	**8,481**	**7,753**	**4,473**	**4,215**
Gross operating income	**3,461**	**3,570**	**2,818**	**1,935**	**1,574**
Cost of risk	(1,892)	(1,214)	(1,336)	(624)	(506)
Operating income/(loss)	**1,569**	**2,356**	**1,482**	**1,311**	**1,068**
Share of income/(loss) of affiliates	55	35	15	4	(53)
Net income attributable to equity holders of the parent	**808**	**1,405**	**817**	**755**	**517**

Risk Factors relating to the Group and the BFCM Group

Risks Related to the CM11-CIC Group, the BFCM Group and the Banking Industry

The Group is subject to several categories of risks inherent in banking activities.

There are four main categories of risks inherent in the Group's activities, which are summarized below. The risk factors that follow elaborate on or give specific examples of these different types of risks, and describe certain additional risks faced by the Group.

- *Credit Risk*. Credit risk is the risk of financial loss relating to the failure of a counterparty to honor its contractual obligations. The counterparty may be a bank, a financial institution, an industrial or commercial enterprise, a government and its various entities, an investment fund, or a natural person. Credit risk arises in lending activities and also in various other activities where the Group is exposed to the risk of counterparty default, such as its trading, capital markets, derivatives and settlement activities. With respect to home loans, the degree of credit risk also depends on the value of the home that secures the relevant loan. Credit risk also arises in connection with the factoring businesses of the Group, although the risk relates to the credit of the counterparty's customers, rather than the counterparty itself.
- *Market and Liquidity Risk*. Market risk is the risk to earnings that arises primarily from adverse movements of market parameters. These parameters include, but are not limited to, foreign exchange rates, bond prices and interest rates, securities and commodities prices, derivatives prices, credit spreads on financial instruments and prices of other assets such as real estate.

Liquidity is also an important component of market risk. In instances of little or no liquidity, a market instrument or transferable asset may not be negotiable at its estimated value (as has been the case for some categories of assets in the recent disrupted market environment). A lack of liquidity can arise due to diminished access to capital markets, unforeseen cash or capital requirements or legal restrictions.

Market risk arises in trading portfolios and in non-trading portfolios. In non-trading portfolios, it encompasses:

– the risk associated with asset and liability management, which is the risk to earnings arising from asset and liability mismatches in the banking book or in the insurance business. This risk is driven primarily by interest rate risk;

– the risk associated with investment activities, which is directly connected to changes in the value of invested assets within securities portfolios, which can be recorded either in the income statement or directly in shareholders' equity; and

– the risk associated with certain other activities, such as real estate, which is indirectly affected by changes in the value of negotiable assets held in the normal course of business.

- *Operational Risk*. Operational risk is the risk of losses due to inadequate or failed internal processes, or due to external events, whether deliberate, accidental or natural occurrences. Internal processes include, but are not limited to, human resources, information systems, risk management and internal controls (including fraud prevention). External events include, for example, floods, fires, windstorms, earthquakes and terrorist attacks.

- *Insurance Risk*. Insurance risk is the risk to earnings due to mismatches between expected and actual claims. Depending on the insurance product, this risk is influenced by macroeconomic changes, changes in customer behavior, changes in public health, pandemics, accidents and catastrophic events (such as earthquakes, windstorms, industrial disasters, or acts of terrorism or war).

Difficult market and economic conditions could have a material adverse effect on the operating environment for financial institutions and hence on the Group's financial condition and results of operations.

The Group's businesses are sensitive to changes in financial markets and economic conditions generally in France, Europe and elsewhere around the world. The Group could be confronted with a significant deterioration of market and economic conditions resulting from, among other things, crises affecting sovereign obligations, capital, credit or liquidity markets, regional or global recessions, sharp fluctuations in commodity prices, currency exchange rates or interest rates, inflation or deflation, or adverse geopolitical events (such as natural disasters, acts of terrorism or military conflicts). Market disruptions and sharp economic downturns, which may develop quickly and hence not be fully hedged, could affect the operating environment for financial institutions for short or extended periods and have a material adverse effect on the Group's financial condition, results of operations or cost of risk.

European markets have recently experienced significant disruptions as a result of concerns regarding the ability of certain countries in the euro-zone to refinance their debt obligations and the extent to which European Union member states will be willing or able to provide financial support to the affected sovereigns. These disruptions have contributed to increased volatility in the exchange rate of the euro against other major currencies, affected the levels of stock market indices and created uncertainty regarding the near-term economic prospects of certain countries in the European Union as well as the quality of debt obligations of sovereign debtors in the European Union. Financial markets have recently been and could continue to be highly volatile.

The Group holds sovereign obligations issued by certain of the countries that have been most significantly affected by the current crisis, and it has recorded significant impairment charges relating to its holdings of Greek sovereign debt. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Introduction—Certain Factors Affecting Results of Operations and Financial Condition—European Sovereign Debt Exposure" for more detail on the Group's exposure to European sovereign debt. The Group is also active in the interbank financial market and as a result, is indirectly exposed to risks relating to the sovereign debt held by the financial institutions with which it does business. In addition, the current uncertainty regarding sovereign obligations of some European countries has had, and may continue to have, an indirect impact on financial markets in Europe and worldwide, and therefore on the environment in which the Group operates.

In addition to these direct impacts, the Group has been indirectly affected by the spread of the eurozone crisis, which has affected most countries in the euro-zone, including the Group's home market of France. The credit ratings of French sovereign obligations were downgraded in 2011, resulting mechanically in a downgrading of the credit ratings of French commercial banks, including that of BFCM.

In addition, the perception of the impact of the European crisis on French banks has made certain market participants, such as U.S. money market funds, less willing to extend financing to French banks than they were in the past, affecting the access of French banks, including that of the Group, to liquidity, particularly in U.S. dollars. This situation has eased somewhat since the European Central Bank provided significant amounts of liquidity to the market at the end of 2011, but there can be no assurance that the adverse market environment will not return.

If economic or market conditions in France or elsewhere in Europe were to deteriorate further, particularly in the context of an exacerbation of the sovereign debt crisis (such as a sovereign default or the perception that a sovereign might withdraw from the euro), the markets in which the Group operates could be more significantly disrupted, and the Group's business, results of operations and financial condition could be adversely affected.

Legislative action and regulatory measures in response to the global financial crisis may materially impact the Group and the financial and economic environment in which it operates.

Legislation and regulations recently have been enacted or proposed with a view to introducing a number of changes, some permanent, in the global financial environment. While the objective of these new measures is to avoid a recurrence of the financial crisis, the impact of the new measures could be to change substantially the environment in which the Group and other financial institutions operate.

The new measures that have been or may be adopted include more stringent capital and liquidity requirements, taxes on financial transactions, limits or taxes on employee compensation over specified levels, limits on the types of activities that commercial banks can undertake (particularly proprietary trading and investment and ownership in private equity funds and hedge funds), restrictions on certain types of financial products such as derivatives, mandatory conversion to equity of certain debt obligations in case of financial difficulty, and the creation of new and strengthened regulatory bodies. Some of the new measures are proposals that are under discussion and that are subject to revision and interpretation, and need adapting to each country's framework by national regulators.

As a result of some of these measures, the Group has had to significantly adjust, and may continue to adjust, certain of its activities in order to allow the Group to comply with the new requirements. Moreover, the general political environment has evolved unfavorably for banks and the financial industry, resulting in additional pressure on the part of legislative and regulatory bodies to adopt more stringent regulatory measures, despite the fact that these measures can have adverse consequences on lending and other financial activities, and on the economy. Because of the continuing uncertainty regarding the new legislative and regulatory measures, it is not possible to predict what impact they will have on the Group.

The Group's activities are highly concentrated in France, exposing the Group to risks relating to a potential downturn in French economic conditions.

The French market represents the largest share of the Group's net banking income and assets. In 2011, approximately 81% of the Group's net banking income was realized in France, and approximately 83.6% of the Group's customer credit risk (including loans to customers and off-balance sheet liabilities such as credit lines and guarantees) was in France at the end of 2011.

Because of the concentration of the Group's business in France, a significant deterioration in French economic conditions would have a greater impact on the Group's results of operations and financial condition than would be the case for a Group with more internationally diversified activities. An economic downturn in France could impact the credit quality of the Group's individual and business customers, make it more difficult for the Group to identify customers for new business that meet its credit criteria, and affect commission income through a reduction of life insurance policy sales, assets under management or brokerage activities. In addition, if home values in France were to be significantly affected by adverse economic conditions, the Group's home loan activities and portfolio (which represented approximately 53% of the Group's total portfolio of performing loans, excluding accrued interest, as of 31 December 2011) could be significantly and adversely affected.

BFCM must maintain high credit ratings, or the business and profitability of the Group could be adversely affected.

Credit ratings are important to the liquidity of BFCM, and thus of the Group. A downgrade in credit ratings could adversely affect the liquidity and competitive position of BFCM, increase borrowing costs, limit access to the capital markets or trigger obligations under certain bilateral provisions in some derivatives contracts of the Group's financing and markets segment (CM-CIC Marchés). On 14 December 2011, Fitch Ratings downgraded BFCM to A+ from AA-, and on 15 June 2012, Moody's Investors Service confirmed BFCM's long-term credit rating of Aa3, after having placed it under review for possible downgrade on 17 February 2012.

BFCM's cost of obtaining long-term unsecured funding is directly related to its credit spread (the amount in excess of the interest rate of government securities of the same maturity that is paid to debt investors), which in turn depends in large part on its credit rating. Increases in credit spreads can significantly increase BFCM's cost of funding. Changes in credit spreads are continuous, market-driven, and subject at times to unpredictable and highly volatile movements. Credit spreads are also influenced by market perceptions of creditworthiness. In addition, credit spreads may be influenced by movements in the cost to purchasers of credit default swaps referenced to BFCM's debt obligations, which is influenced both by the credit quality of those obligations, and by a number of market factors that are beyond the control of BFCM and the Group.

The Group's risk management policies, procedures and methods may leave it exposed to unidentified or unanticipated risks, which could lead to material losses.

The Group has devoted significant resources to developing its risk management policies, procedures and assessment methods and intends to continue to do so in the future. Nonetheless, the Group's risk management techniques and strategies may not be fully effective in mitigating its risk exposure in all economic market environments or against all types of risk, including risks that the Group fails to identify or anticipate.

Some of the Group's qualitative tools and metrics for managing risk are based upon its use of observed historical market behavior. The Group applies statistical and other tools to these observations to assess its risk exposures. These tools and metrics may fail to predict future risk exposures. These risk exposures could, for example, arise from factors the Group did not anticipate or correctly evaluate in its statistical models. This would limit the Group's ability to manage its risks and affect its results.

Like all financial institutions, the Group is subject to the risk of non-compliance with its risk management policies and procedures, either through human error or intentional misfeasance. In recent years, several financial institutions have suffered significant losses from unauthorized market activities conducted by employees. While the Group makes every effort to monitor compliance with its risk management policies and procedures, it is impossible to be certain that its monitoring will be effective to avoid losses from unauthorized activities.

Due to the international scope of its activities, the Group may be vulnerable to specific political, macroeconomic and financial environments or circumstances in certain countries.

The Group is subject to country risk, meaning the risk that economic, financial, political or social conditions in a foreign country, especially countries in which it operates, will affect the Group's financial interests. While the relatively limited international activities of the Group reduce its exposure to country risk compared to financial institutions that are more active internationally, the Group has important business activities and affiliates in Spain, Italy, Eastern Europe and North Africa that could expose the Group to significant risks. The Group monitors country risk and takes it into account in the provisions recorded in its financial statements. However, a significant change in political or macroeconomic environments may require the Group to record additional provisions or to incur losses in amounts that exceed the current provisions.

The Group is subject to extensive supervisory and regulatory regimes, which may change.

A variety of regulatory and supervisory regimes apply to the Group and its subsidiaries in France and in each of the other countries in which the Group operates. See "Government Supervision and Regulation in France" for a description of certain aspects of the French regulatory system applicable to the Group. Noncompliance could lead to significant intervention by regulatory authorities as well as fines, public reprimand, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate. The financial services industry has experienced increased scrutiny from a variety of regulators in recent years, as well as an increase in the penalties and fines sought by regulatory authorities, a trend that may be accelerated in the current environment.

In addition, the businesses and earnings of Group entities can be materially adversely affected by the policies and actions of various regulatory authorities of France, other European Union or foreign governments and international agencies. Such constraints could limit the ability of Group entities to expand their businesses or to pursue certain activities. The nature and impact of future changes in such policies and regulatory actions are unpredictable and are beyond the Group's control. Such changes could include, but are not limited to, the following:

- the liquidity, interest rate and other policies of central banks and regulatory authorities;
- general changes in government or regulatory policy that may significantly influence investor decisions in particular markets in which Group entities operate;
- general changes in regulatory requirements, for example, prudential rules relating to the capital adequacy framework, such as those that are part of the Basel III / CRD IV process;

- changes in rules and procedures relating to internal controls;
- changes in the financial reporting environment;
- limitations on employee compensation;
- expropriation, nationalization, price controls, exchange controls, confiscation of assets and changes in legislation relating to foreign ownership; and
- any adverse change in political, military or diplomatic environments creating social instability or an uncertain legal situation capable of affecting demand for the products and services offered by the Group.

The Group faces significant competition.

The Group faces intense competition in all financial services markets and for the products and services it offers. The French and European financial services markets are relatively mature, and the demand for financial services products is, to some extent, related to overall economic development. Competition in this environment is based on many factors, including the products and services offered, pricing, distribution systems, customer service, brand recognition, perceived financial strength and the willingness to use capital to serve client needs. Some of the Group's competitors in France are larger and have greater resources than the Group, and they may have greater brand recognition in certain areas of France. The Group's international affiliates also face significant competition from banks and financial institutions that have their head offices in the countries where such affiliates operate, as well as other international financial institutions that are active in those countries. If the Group is unable to respond to the competitive environment in France or in its other markets with attractive product and service offerings that are profitable, it may lose market share in important areas of its business or incur losses on some or all of its activities. In addition, downturns in the global economy or in the economy of the Group's major markets could add to the competitive pressure, through, for example, increased price pressure and lower business volumes for the Group and its competitors.

The Group may generate lower revenues from life insurance, brokerage, asset management and other commission- and fee-based businesses during market downturns.

The recent market downturn led to a decline in the volume of transactions in the market and to a reduction in growth of mutual funds, life insurance and similar products. These transactions and products generate commission income for the Group, which has been adversely affected by the slowdown in these areas during the financial crisis. In addition, because the fees that the Group charges for the management of its customers' portfolios are in many cases based on the value or performance of those portfolios, the market downturn reduced the value of the managed portfolios, reducing the revenues the Group received from its asset management and private banking businesses. Future downturns could have similar effects on the Group's results of operations and financial position.

Even in the absence of a market downturn, below-market performance by the Group's mutual funds and life insurance products may result in increased withdrawals and reduced inflows, which would reduce the revenues the Group receives from its asset management and insurance businesses.

The soundness and conduct of other financial institutions and market participants could adversely affect the Group.

The Group's ability to engage in funding, investment and derivative transactions could be adversely affected by the soundness of other financial institutions or market participants. Financial services institutions are interrelated as a result of trading, clearing, counterparty, funding or other relationships. As a result, defaults by, or even rumors or questions about, one or more financial services institutions, or the loss of confidence in the financial services industry generally, may lead to market-wide liquidity problems and could lead to further losses or defaults. The Group has exposure to many counterparties in the financial industry, directly and indirectly, including brokers and dealers, commercial banks, investment banks, mutual and hedge funds, and other institutional clients with which it regularly executes transactions. Many of these transactions expose the Group to credit risk in the event of default. In addition, the Group's credit risk may be exacerbated when the collateral held by it cannot be realized upon or is liquidated at prices not sufficient to recover the full amount of the loan or derivative exposure due to the Group.

Protracted market declines can reduce liquidity in the markets, making it harder to sell assets and possibly leading to material losses.

In some of the Group's businesses, protracted market movements, particularly asset price declines, can reduce the level of activity in the market or reduce market liquidity. These developments can lead to material losses if the Group cannot close out deteriorating positions in a timely way. This may especially be the case for assets the Group holds for which there are not very liquid markets to begin with. Assets that are not traded on stock exchanges or other public trading markets, such as derivatives contracts between banks, may have values that the Group calculates using models other than publicly-quoted prices. Monitoring the deterioration of prices of assets like these is difficult and could lead to losses that the Group did not anticipate.

Significant interest rate changes could adversely affect the Group's net banking income or profitability.

The amount of net interest income earned by the Group during any given period significantly affects its overall net banking income and profitability for that period. Interest rates are highly sensitive to many factors beyond the Group's control. Changes in market interest rates could affect the interest rates charged on interest earning assets differently than the interest rates paid on interest-bearing liabilities. Any adverse change in the yield curve could cause a decline in the Group's net interest income from its lending activities. In addition, increases in the interest rates at which short-term funding is available and maturity mismatches may adversely affect the Group's profitability.

A substantial increase in new asset impairment charges or a shortfall in the level of previously recorded asset impairment charges could adversely affect the Group's results of operations and financial condition.

In connection with its lending activities, the Group periodically establishes asset impairment charges to reflect actual or potential loan losses, which are recorded in its profit and loss account under "cost of risk". The Group's overall level of asset impairment charges is based upon its assessment of prior loss experience, the volume and type of lending being conducted, industry standards, past due loans, economic conditions and other factors related to the recoverability of various loans. Although the Group seeks to establish an appropriate level of asset impairment charges, its lending businesses may have to increase their charges for loan losses in the future as a result of increases in non-performing assets or for other reasons, such as deteriorating market conditions of the type that occurred in 2008 and 2009 or factors affecting particular countries, such as Greece. Any significant increase in charges for loan losses or a significant change in the Group's estimate of the risk of loss inherent in its portfolio of non-impaired loans, as well as the occurrence of loan losses in excess of the charges recorded with respect thereto, could have an adverse effect on the Group's results of operations and financial condition.

The Group's hedging strategies may not prevent losses.

If any of the variety of instruments and strategies that the Group uses to hedge its exposure to various types of risk in its businesses is not effective, the Group may incur losses. Many of its strategies are based on historical trading patterns and correlations. For example, if the Group holds a long position in an asset, it may hedge that position by taking a short position in an asset where the short position has historically moved in a direction that would offset a change in the value of the long position. However, the Group may only be partially hedged, or these strategies may not be fully effective in mitigating the Group's risk exposure in all market environments or against all types of risk in the future. Unexpected market developments may also affect the Group's hedging strategies. In addition, the manner in which gains and losses resulting from certain ineffective hedges are recorded may result in additional volatility in the Group's reported earnings.

The Group's ability to attract and retain qualified employees is critical to the success of its business and failure to do so may materially affect its performance.

The Group's employees are its most important resource and, in many areas of the financial services industry, competition for qualified personnel is intense. The results of the Group depend on its ability to attract new employees and to retain and motivate its existing employees. The Group's ability to attract and retain qualified employees could potentially be impaired by enacted or proposed legislative and regulatory restrictions on employee compensation in the financial services industry. Changes in the business environment may lead the Group to move employees from one business to another or to reduce the number of employees in certain of its businesses. This may cause temporary disruptions as employees adapt to new roles and may reduce the Group's ability to take advantage of improvements in the business environment. In addition, current and future laws (including laws relating to immigration and outsourcing) may restrict the Group's ability to move responsibilities or personnel from one jurisdiction to another. This may impact the Group's ability to take advantage of business opportunities or potential efficiencies.

Future events may be different from those reflected in the management assumptions and estimates used in the preparation of the Group's financial statements, which may cause unexpected losses in the future.

Pursuant to IFRS rules and interpretations in effect as of the date of this Information Document, the Group is required to use certain estimates in preparing its financial statements, including accounting estimates to determine loan loss impairment charges, reserves related to future litigation, and the fair value of certain assets and liabilities, among other items. Should the Group's determined values for such items prove substantially inaccurate, or if the methods by which such values were determined are revised in future IFRS rules or interpretations, the Group may experience unexpected losses.

An interruption in or breach of the Group's information systems may result in lost business and other losses.

As with most other banks, the Group relies heavily on communications and information systems to conduct its business. Any failure or interruption or breach in security of these systems could result in failures or interruptions in the Group's customer relationship management, general ledger, deposit, servicing and/or loan organization systems. If the Group's information systems were to fail, even for a short period of time, it would be unable to serve in a timely manner some customers' needs and could thus lose their business. Likewise, a temporary shutdown of the Group's information systems, even though it has back-up recovery systems and contingency plans, could result in considerable costs that are required for information retrieval and verification. The Group cannot provide assurances that such failures or interruptions will not occur or, if they do occur, that they will be adequately addressed. The occurrence of any failures or interruptions could have a material adverse effect on the Group's financial condition and results of operations.

Unforeseen events can interrupt the Group's operations and cause substantial losses and additional costs.

Unforeseen events like severe natural disasters, pandemics, terrorist attacks or other states of emergency can lead to an abrupt interruption of operations of entities in the Group, and, to the extent not partially or entirely covered by insurance, can cause substantial losses. Such losses can relate to property, financial assets, trading positions and key employees. Such unforeseen events may additionally disrupt the Group's infrastructure, or that of third parties with which it conducts business, and can also lead to additional costs (such as relocation costs of employees affected) and increase costs (such as insurance premiums). Such events may also make insurance coverage for certain risks unavailable and thus increase the Group's global risk.

The Group's profitability and business prospects could be adversely affected by reputational and legal risk.

Various issues may give rise to reputational risk and cause harm to Group entities and their business prospects. These issues include inappropriately dealing with potential conflicts of interest, legal and regulatory requirements, competition issues, ethical issues, money laundering laws, information security policies and sales and trading practices (including practices relating to disclosures to customers). Failure to address these issues appropriately could also give rise to additional legal risk, which could increase the number of litigation claims and the amount of damages asserted against Group entities, or subject Group entities to regulatory sanctions.

Risks relating to the Group's organizational structure

BFCM does not hold any ownership or financial interest in the Local Banks.

BFCM does not own any interest in the Local Banks. As a result, BFCM does not share in the profits and losses of the Local Banks. Instead, its economic interest in the results of operations of the Local Banks is limited to the financing that it provides to them as part of its activity as the central funding arm of the Group. Moreover, BFCM has no voting rights or other rights to influence the management, strategy or policies of the Local Banks. While BFCM's management participates actively in the determination of the overall strategy and policies of the Group, and its activities are significantly integrated with those of the Group, this does not provide BFCM with the same legal rights that it would have if it were to hold an ownership interest in the Local Banks.

The Local Banks control BFCM and may have interests that are different from those of investors in BFCM's securities.

Substantially all of BFCM's shares are held by the Local Banks, including 93% through Caisse Fédérale de Crédit Mutuel, or CF de CM. As a result the CF de CM and the Local Banks have the power to control the outcome of all votes at ordinary meetings of BFCM's shareholders, including votes on decisions such as the appointment or approval of members of its board of directors and the distribution of dividends. The Local Banks may have interests that are different from those of BFCM, the holders of BFCM's debt securities and the holders of covered bonds backed by loans to BFCM.

BFCM does not have any entitlement to financial support from the Local Banks.

The Local Banks are not required to support the liquidity or solvency of BFCM in the event such support is ever needed. While BFCM's credit ratings are based in part on the assumption by the rating agencies that such support would be available if needed due to the central role played by BFCM in the Group's financial structure, this assumption is based on the views of the rating agencies regarding the economic interest of the Local Banks, and not on any legal obligation. If BFCM's financial condition were to deteriorate, there can be no assurance that the Local Banks or the CF de CM would recapitalize or otherwise provide support to BFCM.

Banks that are not part of the Group operate under the Crédit Mutuel name in certain regions of France.

Of the eighteen Crédit Mutuel federations operating in France, only 11 are part of the CM11-CIC Group. Banks in the other seven federations use the Crédit Mutuel name and logo, but they operate outside the Group. Three of these federations operate together and hold themselves out as competing throughout France in many of the businesses in which the Group is active. If one or more of the Crédit Mutuel federations that are outside the Group were to experience difficulties, such as a business downturn, a deterioration in asset quality or a downgrading of a rating, it is possible that the market would fail to understand that the federation in difficulty is not part of the Group. In such event, difficulties experienced by a federation outside of the Group could adversely affect the reputation of the Group and/or have an impact on the Group's financial condition and results of operations.

The Local Banks that are part of the Group are part of a mutual financial support mechanism that includes all eighteen Crédit Mutuel federations, including those that are outside the Group.

The eighteen Crédit Mutuel federations have a mutual financial support mechanism that could require the Local Banks in the Group to provide support to local banks in federations that are outside the Group. While the support system for a local bank would initially be implemented at the regional level, within such local bank's federation, if the resources available at the regional level were insufficient, then the national support mechanism could be called upon, requiring support from other federations. While the Local Banks in the Group also benefit from the support of the federations that are outside the Group, they remain exposed to risks relating to local banks that are not part of the Group. See "History and Structure of the CM11-CIC Group—The CM11-CIC Group and the Eighteen Crédit Mutuel Federations—The Financial Solidarity Mechanism" for a more detailed description of this mutual support mechanism.

Certain aspects of the Group's governance is subject to decisions made by the Confédération Nationale de Crédit Mutuel, which represents the Group as well as local banks that are not part of the Group.

Under French law, certain matters relating to the governance of the eighteen Crédit Mutuel federations (including 11 in the Group and seven outside the Group) are determined by a central body known as the Confédération Nationale du Crédit Mutuel ("**CNCM**"). The CNCM represents all local banks in the eighteen federations in dealings with French bank regulatory and supervisory authorities. In addition, the CNCM has the power to exercise financial, technical and administrative oversight functions relating to the organization of the Crédit Mutuel banks, and to take steps to ensure their proper functioning, including striking a bank from the list of banks authorized to operate as part of the Crédit Mutuel system.

History and Structure of the CM11-CIC Group

History of the CM11-CIC Group

The CM11-CIC Group traces its roots to 1882, when the first Crédit Mutuel local bank was founded in the Alsace region in Northeastern France. Initially, loans were granted only to members, who were also the owners of the local banks. All profits were placed in a non-distributable reserve. Although the Local Banks now welcome customers who are not members, and distribute a modest portion of their profits to their members, they are still guided by the cooperative principles that were present at the founding of the Group.

Over time, the number of local banks in the Crédit Mutuel network expanded, and they formed regional federations to serve their mutual interests. Eighteen regional federations currently exist nationwide, varying widely in their number of local banks and clients and their economic weight. Over time, a number of these regional federations have joined together to form the Group. Through the Group, these federations centralize their products, funding, risk management and administrative functions, as well as holding interests in affiliates in France and internationally.

As of 1 January 2009, the Group included five regional federations, and the Group was called CM5-CIC. Five additional regional federations joined as of 1 January 2011 (CM10-CIC) and another regional federation joined as of 1 January 2012 (CM11-CIC). The 11 regional federations that currently form the CM11-CIC Group include 1,329 Local Banks as members. The regional coverage of the 11 federations in the Group is illustrated by the following diagram:

The strategy and policies of the CM11-CIC Group are determined by a group-wide body (known as the "*Chambre Syndicale*"), with headquarters in Strasbourg, in which each of the regional federations is represented. Funding needs are met by a group central bank, the Caisse Fédérale de Crédit Mutuel (CF de CM), which takes deposits from and provides financing to the Local Banks. CF de CM in turn owns substantially all of BFCM (the remainder is owned by certain Local Banks). BFCM raises funds in international markets on behalf of the Group, which it on-lends to the Local Banks (through CF de CM), and also provides funding for other businesses of the Group. BFCM also holds substantially all of the Group's interests in entities other than those in the Crédit Mutuel network.

Over time, the Group has acquired interests in financial institutions with complementary activities. The most significant acquisition was CIC, of which 67% was acquired in 1998 and most of the remainder in 2001 (CIC still maintains a small public float). The CIC group operates through five regional banks that together cover all of France and also operates the Group's financing and markets, private banking and private equity businesses. CIC also has three foreign branches (New York, London and Singapore) and 36 representative offices around the world. The following map shows the coverage of the regional CIC banks in France.

The Group has also pursued a strategy of prudent international expansion. In 2008, the Group acquired Citibank Deutschland (now TARGOBANK Germany), and in 2009, the Group acquired a controlling interest in the consumer finance group Cofidis. In 2010, the Group created a 50/50 partnership with Banco Popular Español, currently known as TARGOBANK Spain. The Group has also developed various partnerships and acquired various minority interests, including interests in Banca Popolare di Milano, Banque de Tunisie, and Banque Marocaine du Commerce Extérieur. The Group has no presence in Greece or Ireland, and only a small presence in Italy (through Cofidis and the Group's interest in Banca Popolare di Milano) and Portugal (through Cofidis).

Organisational Structure of the CM11-CIC Group

As a result of the historical development described above, the Group currently includes the following principal entities:

- 1,329 Local Banks owned by 4.3 million member-shareholders, with over 16,000 locally elected board members who serve without compensation and anchor the Local Banks in their communities. The activities of the Local Banks are exclusively focussed on retail banking and distribution of insurance and other Group products and services.
- The CF de CM, in which the Local Banks own 82% of the share capital and a group insurance company owns the remainder.
- BFCM, in which the CF de CM owns 93% of the share capital and various Local Banks the remainder. See "—Role of BFCM in the CM11-CIC Group" for information on the activities of BFCM.
- CIC (Crédit Industriel et Commercial) and subsidiaries, which operate one of the Group's retail networks, as well as the Group's financing and markets, private banking and private equity segments.
- Banque Européenne du Crédit Mutuel (BECM) (formerly "Banque de l'Economie du Commerce et de la Monétique SAS"), owned by BFCM, which has provided financing to the corporate clients of the CM11-CIC Group retail banks since 1992.
- TARGOBANK Germany, which provides mainly consumer finance in Germany, and TARGOBANK Spain, a 50/50 partnership with Banco Popular Español (in which the Group holds a 5% equity interest).
- Cofidis, which is one of the leaders in French consumer finance and also has activities elsewhere in Europe.
- Interests in other international financial institutions in Europe and North Africa.
- Groupe des Assurances du Crédit Mutuel and subsidiaries, which operate the Group's insurance segment.
- Subsidiaries that provide support functions (such as information technology) or that operate in non-banking sectors such as real estate and press/media.

The following diagram illustrates the structure of the CM11-CIC Group and its principal entities as of the date of this Information Document:

Role of BFCM in the CM11-CIC Group

BFCM plays two principal roles in the CM11-CIC Group. First, BFCM is the central financing arm of the Group, acting as the principal issuer of debt securities in international markets. In this capacity, BFCM provides financing to Group financial institutions to meet their funding needs, and receives deposits from Group financial institutions that have excess liquidity. Second, BFCM is the holding company for all of the Group's businesses, other than the Local Banks that operate the Crédit Mutuel retail banking network.

The financial results of BFCM as the financing arm of the CM11-CIC Group are included in the financing and market segment of the CM11-CIC Group. As BFCM is a holding company for the CM11-CIC Group, BFCM's consolidated financial results reflect the financial results of the CM11-CIC Group, excluding the results of the Crédit Mutuel retail network. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Presentation of Information in this Section" for more detail.

The CM11-CIC Group and the Eighteen Crédit Mutuel Federations

There are a total of eighteen Crédit Mutuel federations operating in France. Eleven of these are part of the CM11-CIC Group. Three federations that are not a part of the CM11-CIC Group have joined together in a group that operates in a manner that is somewhat similar to that of the Group. In addition to the eighteen regional federations, there is a federation with nationwide scope specifically for the farming sector, which is not part of the CM11-CIC Group.

The Local Banks in the CM11-CIC Group share a common French bank authorization code, own interests in the CF de CM (and thus BFCM and the BFCM Group), raise external funding through BFCM and pool various administrative resources, such as their risk management structure and information technology system.

The National Crédit Mutuel Confédération and Caisse Centrale

While the local banks in the other seven federations operate outside the CM11-CIC Group, there is a certain degree of cooperation among all eighteen federations (in addition to the fact that they all operate under the same tradename using the same logo). The local banks in the eighteen federations are collectively represented by the Confédération Nationale du Crédit Mutuel ("**CNCM**"), which acts as the "central body" of the entire Crédit Mutuel network in accordance with French law. The role of the CNCM as "central body" includes representing the entire group (the local banks in all eighteen federations) in dealings with the *Autorité de contrôle prudentiel* (ACP, the French banking regulator), as well as exercising certain supervisory functions with respect to administrative, technical and financial matters. The CNCM is empowered to take any necessary measures in this regard, including causing local banks to merge or to close operations.

The eighteen federations are also members of an institution known as the *Caisse Centrale du Crédit Mutuel* (the "**Caisse Centrale**"). The local banks, through central banks at the level of each federation, are required to place at least 2% of their deposits with the *Caisse Centrale*, which is available to fund the liquidity needs of the local banks (again, through their federation-level central banks). Historically, the *Caisse Centrale* provided funding for federations without direct access to financial markets. Today, that role is largely played by BFCM for the Local Banks in the Group.

The Financial Solidarity Mechanism

The local banks are part of a financial solidarity mechanism that operates at both the regional and national levels. At the regional level, the mechanism involves the local banks that are part of the same federation. At the national level, the mechanism involves all eighteen federations, including the seven federations that are not part of the CM11-CIC Group.

At the regional level, Crédit Mutuel's solidarity mechanism is organized in accordance with Article R.515-1 of the French Monetary and Financial Code. This article provides that the ACP may, with respect to mutual and cooperative groups, issue a collective license to a local bank for itself and all its affiliated local banks "when the liquidity and solvency of the local banks are guaranteed through this affiliation". Each of the regional central banks has received a collective license for itself and all of its member local banks. The ACP has deemed that the liquidity and solvency of the local banks is guaranteed through this affiliation. In addition, each regional federation manages a solidarity fund, to which each of the local banks and the regional central bank contribute funds. The regional federation determines the levels of contributions and whether local banks receive subsidies, loans, advances or other assistance from the fund. If the fund were to prove to be insufficient to support a local bank in difficulty, then the regional federation could require the other local banks in that federation (including those in the Group) to provide additional support beyond their contributions to the fund.

At the national level, the regional groups' membership in the national CNCM and the *Caisse Centrale* ensures nationwide solidarity. As the central body, the CNCM ensures the solidarity and proper operation of all Crédit Mutuel local banks and guarantees the liquidity and solvency of each member institution and of the entire network. In this respect, it may take all necessary measures to guarantee the liquidity and the solidarity of each of the institutions as well as the whole network. As a result, if a local bank were to experience difficulties and the resources of its federation were to prove insufficient, then the CNCM could call upon the other federations to provide support. The federations that are part of the CM11-CIC Group could in such circumstances be required to provide support to a federation that is not part of the Group. While this has never occurred since the Group was created, the risk of it occurring in the future cannot be excluded, even if the Group considers that it is highly unlikely absent extremely unusual circumstances.

Business

Introduction

BFCM is a licensed French credit institution that is part of the CM11-CIC Group, a major French mutual banking group. The CM11-CIC Group includes two French retail banking networks (11 French regional federations in the Crédit Mutuel network, and the CIC network that operates throughout France), as well as affiliates with activities in international retail banking, consumer finance, insurance, financing and market activities, private banking and private equity.

BFCM plays two principal roles in the CM11-CIC Group. First, BFCM is the central financing arm of the Group, acting as the principal issuer of debt securities in international markets. In this capacity, BFCM provides financing to Group financial institutions to meet their funding needs that are not met with customer deposits. Second, BFCM is the holding company for substantially all of the Group's businesses, other than the Crédit Mutuel retail banking network.

The CM11-CIC Group serves approximately 22.9 million customers through 4,563 local banks and branches, mainly in France, as well as internationally in Germany, Spain and other countries. It includes 1,329 Local Banks that are autonomous but cooperate through 11 regional federations (including one that joined as of 1 January 2012 and five that joined as of 1 January 2011), subsidiaries such as CIC (France) and TARGOBANK (Germany and Spain), and other subsidiaries and affiliates in France and abroad.

The Group's focus is retail banking and insurance, which together represented over 92% of the Group's net banking income in 2011. Approximately 81% of the Group's 2011 net banking income was generated in France.

The CM11-CIC Group operates in five principal business segments:

- **Retail Banking** (83.3% of 2011 net banking income, before inter-segment eliminations). The retail banking segment provides customers with deposit-taking and lending services, as well as services such as leasing, factoring, mutual funds and employee savings schemes. It also distributes the Group's insurance products. The segment includes primarily the activities of two French retail networks and certain other subsidiaries and affiliates:

– The Crédit Mutuel network, which serves approximately 6.5 million customers through 1,329 Local Banks that are owned by approximately 4.3 million membershareholders. The Local Banks in the CM11-CIC group operate in 11 regions of France, including important markets such as Paris, Lyon, Strasbourg and the French Riviera.

– The CIC network, which serves 4.5 million retail customers through 2,108 branches of five regional banks operating throughout France. The CIC network is operated by wholly-owned subsidiaries of BFCM. The CIC network holds a strong position with small and medium-sized enterprises (SMEs), as well as with individual customers.

– Several subsidiaries and affiliates, including TARGOBANK Germany (which provides mainly consumer finance to 3.1 million customers through 332 branches and advisory centres in 200 cities in Germany), TARGOBANK Spain (a partnership with Banco Popular Español, which concentrates in home loans and operates through 124 branches in three regions of Spain), and Cofidis (which is a leader in the French consumer finance market serving approximately 7.5 million customers across Europe, with €7,638 million of outstanding consumer loans as of 31 December 2011).

- **Insurance** (8.7% of 2011 net banking income, before inter-segment eliminations). The Group's insurance segment operates through Groupe des Assurances du Crédit Mutuel (GACM) and its subsidiaries. GACM provides customers with a range of life and non-life insurance products, insurance brokerage, reinsurance, burglary protection and automobile maintenance insurance. The Group's insurance products are marketed primarily through the Crédit Mutuel Local Banks, CIC branches and, since the beginning of 2011, Cofidis.
- **Financing and Market** (8.0% of 2011 net banking income, before inter-segment eliminations). The Group's financing and market segment includes two main activities: financing of large companies and institutional clients (including project and asset-based financing), and market activities in fixed income, exchange rate products and equities, both for customers and for the Group's own account. This segment also includes BFCM's activities in its capacity as the Group's central funding arm.
- **Private Banking** (3.9% of 2011 net banking income, before inter-segment eliminations). Private banking offers financial advice and wealth management solutions to suit the needs of high net worth individuals, particularly entrepreneurs and executives, in France, Luxembourg, Switzerland, Belgium and the United Kingdom.
- **Private Equity** (0.8% of 2011 net banking income, before inter-segment eliminations). This segment, which operates under the name CM-CIC Capital Finance, comprises private equity activities conducted both for the Group's own account and for customers.

In addition to these five principal segments, the Group has a "logistics, holding and other" segment that includes intermediary holding companies as well as interests in affiliates with businesses in areas such as information technology, real estate and the press.

Strengths and Strategy

The CM11-CIC Group is a cooperative organisation that has remained true to the basic principles established at its founding in the late 19th century – service to members and the promotion of rational development. These principles are the basis for the Group's strong identity and sound credit profile, with the image of a safe retail bank that has been strengthened during the financial crisis. The Group has a wellbalanced, high quality asset portfolio, structurally strong capital levels and a good capacity to source liquidity internally and externally. It is positioned from a human, material and financial perspective to continue its record of prudent growth, based on the following advantages and strategic perspectives:

- **A cooperative banking Group focused on retail banking and insurance.** The strength of the Group's cooperative banking model focused on retail banking and insurance is recognized by customers, financial markets and observers. Customers have shown their confidence through increased deposits and financial savings, as well as regular subscriptions to cooperative shares and retail bond issuances. As of 31 December 2011, the Group had 23 million customers, and 92% of the Group's net banking income in 2011 was generated by retail banking and insurance segments. The Local Banks are governed by boards composed of volunteers (more than 16,000 currently) elected from among customers, who often represent some of the most influential members of their local communities.

Guided by its cooperative principles, the development of the Group's retail customer-oriented business has consistently been the principal focus of the Group's strategy. The Group has been a pioneer in developing new products that are complementary to its core business. It was the first French banking group to provide insurance products to customers, a decision initially made to attract retail banking customers, on the theory that customers switch insurers more readily than they switch banks. This strategy has made the Group the leader in non-life insurance provided by banks in France. The Group is continuing this tradition with leading technological offers for retail customers that are designed to maintain their loyalty and to attract them to visit the Group's branches. As an example, the Group provides a leading internet banking service to customers, while also offering them mobile telephone subscriptions through boutiques in the branches. It is also the second leading electronic money issuer in France, according to data from the *Groupement des Cartes Bancaires*. The Group also provides a complete service offering for small and medium-sized enterprises that includes electronic payment services, employee savings schemes and financing solutions, as well as private banking offers that are targeted to executives of companies that are customers of the retail network banks.

By following these principles, the CM11-CIC Group has become one of the leading banking groups in France, with a 17.1% market share in home loans (third in the market) and a 14.8% market share in deposits as of the end of 2011, in each case based on data from the *Banque de France*. The Crédit Mutuel network (including the Local Banks in the Group and the other seven federations) was named the best bank in France by *Global Finance* in 2012 and by *The Banker* in both 2010 and 2011.

- **An attractive model for the combined federations.** The expansion of the number of Crédit Mutuel federations that are part of the Group – from four initially, to five in 2009, ten in 2011 and now 11, provides the Local Banks in the Group with access to liquidity and refinancing capacities, powerful growth sources that should allow them to invest in their networks, efficient tools and products in areas such as technology, insurance and services, and participation in the Group's governance system. The Group has moved quickly to exploit the potential of its structural partnership, which represents a strong platform for continued, prudent growth.
- **Progressive and well-controlled acquisition strategy.** The Group's acquisition strategy focuses on strengthening its position in geographical and product markets complimentary to the Group's existing position, particularly in Europe. The acquisition of CIC starting in 1998 reflected this strategy, as it provided the Group with retail network coverage throughout France, as well as reinforcing the Group's position with small and medium-sized enterprise customers. In past years, therefore, the Group has expanded beyond France to build solid positions in Germany, Switzerland and Luxembourg. Its expansion in Europe has been focused on retail banking, through the acquisition of TARGOBANK Germany (formerly Citibank Deutschland) in 2008, the acquisition of control of Cofidis in 2009 and the establishment of a partnership (TARGOBANK Spain) with Banco Popular Español in 2010. The TARGOBANK Germany and Cofidis acquisitions gave the Group the opportunity to expand its consumer finance business in solid geographical markets. TARGOBANK Germany also gives the Group a platform to launch a complete retail bank offering in areas close to the Group's historical base in Eastern France. The establishment of TARGOBANK Spain provided the Group with a new banking platform in a market adjacent to France, with a strong capital

foundation and an opportunity to participate in the reorganization of the Spanish financial sector. In contrast, the Group has not expanded at all into Greece or Ireland, and it has minimal activities in Italy, Portugal and Central and Eastern Europe.

- **A conservative and prudent approach to risk-taking.** The Group's high quality asset portfolio is the result of strong risk management and monitoring that has resulted in consistently low ratios of doubtful loans to total outstanding loans (4.2% as of 31December 2011), conservative provisioning (66.7% coverage as of 31 December 2011) and limited exposure to the most volatile product and geographic markets. The Group also maintains a strict liquidity management policy, funding an ever greater proportion of its loans with customer deposits (1.36x ratio as of 31 December 2011, with a target of 1.20x in the medium term), and limiting reliance on the interbank funding market.
- **A strong level of liquidity and capitalization.** The Group has demonstrated its ability to manage its liquidity, with lower dependence on the markets and good coverage of liquid assets. Its capitalization is strong, with a modest distribution of profits to its member shareholders. The Group continues to strengthen its capital ratio, with a Tier 1 ratio of 13.0% at 30 June 2012.

Business Segments

The CM11-CIC Group operates in five principal business segments: retail banking, insurance, financing and market, private banking and private equity.

Retail Banking

The retail banking segment provides banking services for individuals, independent professionals, small businesses, corporations and public authorities. Through its various networks and subsidiaries, the Group provides a full range of banking products and services; savings products (money market, bonds, securities); life insurance investment products; lending (home loans and consumer finance loans, loans to SMEs and farmers); payment instruments; personal services; banking-related services; and wealth and asset management. The Group also distributes a wide range of property & casualty and death & disability insurance products.

The segment includes the activities of two principal French retail networks, Crédit Mutuel (in 11 French regions) and CIC (throughout France), as well as several specialized and international affiliates such as TARGOBANK Germany and TARGOBANK Spain (a partnership with Banco Popular Español). The Group also has a number of affiliates that provide specialized products and services, such as consumer finance affiliates Cofidis, Groupe Sofemo and Banque Casino, as well as interests in European and North African banking groups with which the Group maintains partnerships.

The following table sets out the number of customers, points of sale and employees of selected Group networks as of 31 December 2011.

	CM10	CIC	TARGOBANK Germany	TARGOBANK Spain	Cofidis	CM10-CIC Group Total
Customers	6.5 million, including 4.3 million member shareholders	4.5 million	3.1 million	0.24 million	7.5 million	22.9 million
Points of sale [1]	1,933	2,108	332	124	–	4,563
Employees	17,664	22,838	6,631	549	4,407	65,174

1. Points of sale are full-time or part-time physical establishments where Group employees interface with clients.

The Group's customer base and points of sale have grown significantly over the years, increasing from 7.9 million customers and 3,367 points of sale in 2007 to approximately 22.9 million customers and 4,563 points of sale as of 31 December 2011, through a combination of internal and external growth (the addition of federations as well as acquisitions such as TARGOBANK Germany, TARGOBANK Spain, Cofidis and Banque Casino).

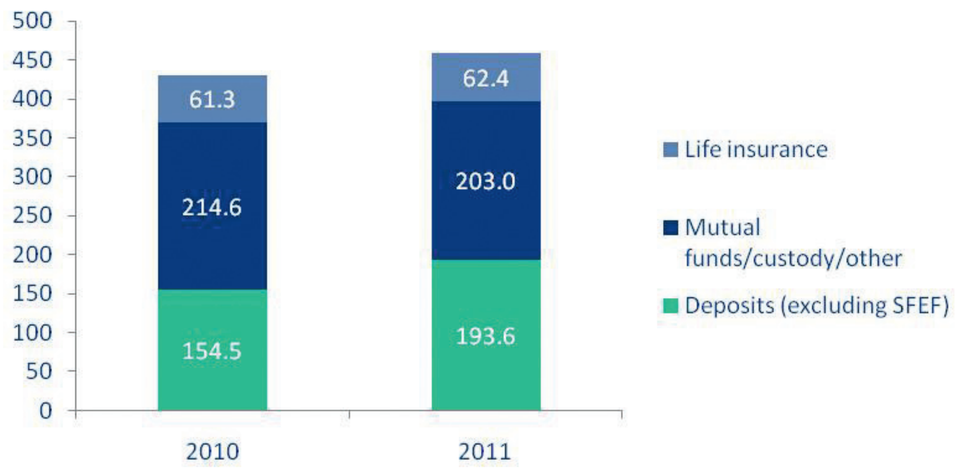
The Group seeks to maximize contact with its customers and views its extensive offering of products and services as a way to ensure that its customers maintain contact with their bank. The Group also seeks to maximize cross-selling, offering insurance products to accompany loans, such as homeowner's insurance with a home loan or auto liability insurance with an automobile loan. Customer service representatives in the Group's branches are encouraged to promote all banking and financial products, rather than specializing by product, assuming a comprehensive service function that places them close to the customers' needs.

Products and Services Offered through the French Retail Networks

Savings Products

The Group offers a range of flexible savings solutions, to respond to different savings objectives, including building a "safety-net", building capital, increasing capital, tax optimisation and transmission of assets. The strength of the Group's retail networks can be seen in the levels of its deposits and savings. As of 31 December 2011, the Group has total customer deposits of €193.6 billion, compared to €154.5 billion as of 31December 2010 (in each case excluding SFEF deposits, which are deposits of a vehicle established by the French government to provide liquidity to banks at the height of the financial crisis). The Group also has managed savings of €265.4 billion as of 31 December 2011, including both mutual funds and life insurance.

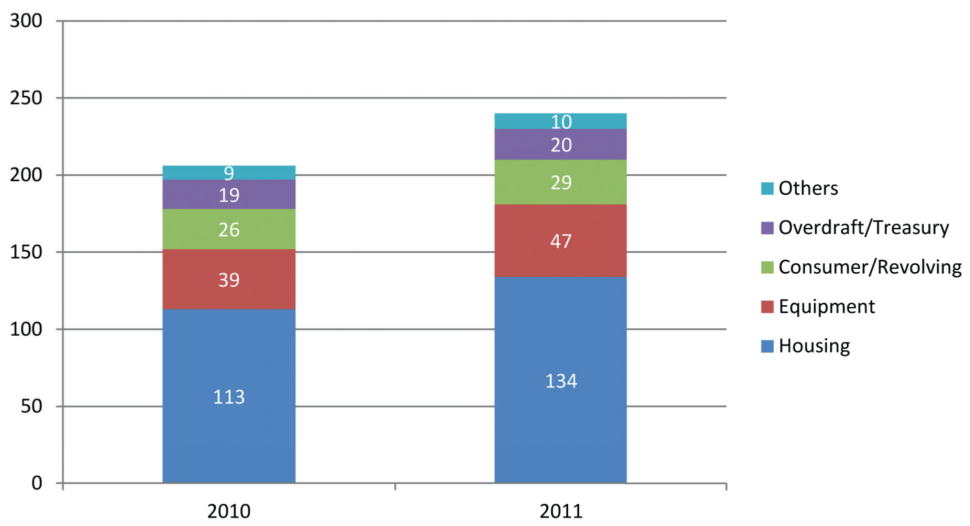
The following chart shows the development of the Group's savings solutions over the past two years:



Lending

The Group's retail networks and specialized subsidiaries offer home loans, consumer loans and loans to SMEs and farmers.

At 31 December 2011, outstanding customer loans totalled €263.9 billion, compared to €229.3 billion at 31 December 2010. The following table shows the evolution of outstanding customer loans provided by the Group's retail banking segment over the past two years:



Other Retail Banking Products and Services for Individuals

Insurance. The Group's retail banking networks market the Group's insurance products, often in connection with another service being provided by the retail bank (i.e., borrower insurance and homeowner's insurance in connection with a home loan; automobile insurance in connection with a car loan) or simply through contact with the retail banking network which seeks to maximize contact and solutions for its customers. All of the insurance products marketed by the retail networks are written by the Groupe des Assurances du Crédit Mutuel, the Group's insurance segment. See "—Insurance". The vast majority of the Group's insurance contracts are sold through the Crédit Mutuel and CIC networks.

Mutual Funds and Asset Management. The Group sells a wide range of mutual fund products, including money-market products, index funds and other equity debt funds. The Group's internal asset management group, operating under the trade name CM-CIC Asset Management, provides asset management services for products that are sold by the retail banking networks, including mutual funds, life insurance products and employee savings plans. The Group's client base covers individuals, private bank clients and companies, and it seeks to increase its institutional client base. At 31 December 2011, assets under management stood at €51.2 billion distributed across 632 funds. In 2011, CM-CIC Asset Management also provided accounting services to 73 mutual fund management companies.

Electronic and Mobile Telephone Banking and Services. The Group's retail networks offer a wide range of services, including bank cards, service contracts and remote banking. These include using the Internet, telephone or WAP to view accounts, carry out transactions and make payments remotely, with over 90% of Group customer banking transactions now conducted remotely. Bank cards may also include deferred payment options, providing for payment in instalments, or overdraft protection, possibly combined with a borrower's insurance product.

The Group is the second leading bank in France for electronic payment solutions, with over 2 billion transactions in 2011. The Group is also a technical service provider for other financial institutions, retail stores and highways, including with respect to ATMs and other payment tools. It considers its positioning in this market as strategic. Its positioning began with bank cards launched in 1982 and continues through individualisation of cards to the needs of its clients as well as other types of cards, including health cards and GSM SIM cards.

The Group continues to innovate in this area, with projects to develop mobile telephone banking (including "M-Payment" and remote payment) and mobile telephone services through NRJ Mobile (of which the Group owns 95%). The Group was a pioneer in the offering by a bank of mobile telephone services, based on a strategy of increasing the use of remote payment. The growth of this activity is reflected in the Group's revenues from mobile telephone services (recorded in the "logistics and holding" segment), which have grown from revenues of €31 million in 2007 to €184 million in 2010 and €321 million in 2011. As of 31 December 2011, NRJ Mobile has 931,000 subscriber customers and 80,000 prepaid customers, of which 73% and 20% originated from the CM-CIC retail banking networks.

Security surveillance. The Group is one of the leaders in France of remote security surveillance solutions through Euro Protection Surveillance, with 237,843 customers as of 31 December 2011, including home and business alarm systems. Euro Protection Surveillance was created in 1986. Home security surveillance contracts are often sold in connection with a home loan, home insurance product or in connection with the establishment of a bank account. EPS also offers management services for businesses, including with respect to energy consumption for energy providers. It offers various back-office services and hot-lines, handling over 6 million calls in 2011.

Other Retail Banking Products and Services for Professionals and Businesses

Employee Savings. The Group's employee savings management activity is offered through CM-CIC Epargne Salariale, with, at 31 December 2011, 58,376 corporate clients, €5,634 million in assets under management representing the savings of 1,415,595 employees.

Equipment leasing. The Group offers leasing options to professionals and businesses through its subsidiary CM-CIC Bail in France and local subsidiaries in Belgium and Germany. Leasing is available for a variety of types of property, including boats, fine art, vehicles and agricultural equipment.

Factoring. The Group offers solutions for financing and managing receivables to large and medium sized enterprises. The Group's specialized subsidiary, Factocic, of which the Group acquired 85% control in 2010 and of which the Group currently owns 96%, purchased invoices totalling €14.5 billion in 2011.

Real Estate. The Group also works with real estate developers to offer new homes with financing solutions. In addition to the business directly generated with developers, the Group views this activity as a way to gain new individual customers, particularly young families who are often the type of customer seeking to purchase a home in new residential developments.

Retail Banking Networks

The Group's products and services are marketed through its retail networks and subsidiaries. The Crédit Mutuel and CIC networks offer the same types of products, while the specialised and international subsidiaries and interests of the retail banking segment offer products and services adapted to their customer base and geographic location.

The Crédit Mutuel Retail Banking Network

The Crédit Mutuel retail banking network is made up of the Local Banks of the 11 Federations that are part of the CM11-CIC Group, which includes 1,329 Local Banks in France (the "CM11 network"). As described under "History and Structure of the CM11-CIC Group" above, the Crédit Mutuel retail banking network is the historic base of the Group, with its origins in the Eastern part of France. The CM11 network serves 6.5 million customers, including 4.3 million member shareholders; its customers include 5.95 million individuals and approximately 614,000 million associations, professionals and businesses. As of 31 December 2011, the CM11 network employed 18,331 employees. As of 31 December 2011, the network had €98.5 billion in customer loans outstanding and €74.5 billion in customer deposits.

The Local Banks in the CM11 network operate in 11 regions of France, including wealthy areas such as Paris, Lyon, Strasbourg and the French Riviera. They are particularly strong in the Eastern part of France, given the historic origins of the Crédit Mutuel Group. The Group is focused on strengthening the CM11 network, with a view to enhancing local coverage through the development of new Local Banks and through continuously improving client service and contact. The following table provides information about the coverage of the CM11 network:

Federation	Population Covered	Number of Local Banks	Number of Points of Sale
Centre Est Europe	7 million	404	860
Ile-de-France	12 million	180	214
Savoie-Mont Blanc	1.2 million	43	65
Sud-Est	4.2 million	107	142
Dauphiné-Vivarais	2 million	48	57
Méditerranéen	7.8 million	95	110
Midi-Atlantique	3.9 million	107	109
Loire-Atlantique et Centre Ouest	2.5 million	145	176
Normandie	2.4 million	63	80
Centre	2.5million	99	120
Anjou	0.8 million	38	76

The Crédit Mutuel network grows through the establishment of new Local Banks to serve a community, neighbourhood or town. New Local Banks are established based on an assessment of the market and growth potential of a particular location. The non-specialist nature of the customer relations staff of the Local Banks allows new Local Banks to provide a full service offering to customers rapidly after opening, allowing the Group to minimize costs by increasing to full staffing over time. In 2011, the 11 Crédit Mutuel federations established 74 new Local Banks.

The network offers its customers remote and telephone banking services, theft protection and electronic payment terminals. It has 2,993 ATM terminals and also offers customers' access to their bank accounts through its website.

In 2011, the Crédit Mutuel network increased its number of customers by 2 millon to reach 6.5 million customers. The federations (Crédit Mutuel Loire Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais and Méditerranéen) that joined the Group in 2011 contributed 1.9 million customers to the Group. These federations contributed €26.3 billion of customer loans. Outstanding loans to customers also increased 3.5% on a constant scope basis to €98.5 billion. On a constant scope basis, the most significant increase was in equipment loans, which increased 8.3%. Outstanding customer deposits of the network increased to €74.5 billion, of which deposits from the newly joined Federations represented €23.1 billion and new deposits represented €3.8 billion.

The CIC Retail Banking Network

The CIC retail banking network is made up of the holding company, CIC (Crédit Industriel et Commercial), and five regional banks, each of which serves a clearly defined region. The holding company acts both as the head of the CIC network and as the regional bank for the Greater Paris region. Collectively, the regional banks cover all of France. CIC also has specialized subsidiaries that contribute to the other segments of the Group.

CIC was acquired by BFCM in multiple steps, with 67% of CIC acquired in 1998 and most of the remainder acquired in 2001 (CIC continues to maintain a small public float). Given the strength of the brand name, CIC continues to operate under its own brand.

The CIC retail banking network is made up of 2,108 branches located throughout France. The CIC retail network serves 4.5 million customers, including 3.7 million individuals and 0.8 million associations, professionals and businesses. It has 22,838 employees.

The network offers its customers remote and telephone banking services, theft protection and electronic payment terminals. It has 3,689 ATM terminals and also offers customers' access to their bank accounts through its website. 31 new branches were created in 2011, which enabled the network to increase its number of customers by nearly 100,000.

In 2011, outstanding customer loans increased 3.3% to reach €99.3 billion and customer deposits increased 14.5% to reach €76.7 billion; assets managed decreased 5.9% to €53.9 billion.

Banque Européenne du Crédit Mutuel

Banque Européenne du Crédit Mutuel (BECM) (formerly Banque de l'Economie du Commerce et de la Monétique SAS) is a subsidiary of BFCM that works with both the Crédit Mutuel and CIC networks to provide banking services to corporations and small and medium-sized enterprises, to finance real estate development and real estate management companies and to provide wealth management services. BECM operates through a network of 45 branches (27 corporate branches, 10 real estate development branches, one real estate management branch and three wealth management branches) in France as well through branches in Germany (three branches) and Saint Martin (one branch). The Group is actively pursuing the development of BECM, opening seven branches in late 2010 and 2011 (five corporate branches, including two in Germany, and two real estate development branches). The Group plans to expand BECM's client base by targeting companies operating on a European scale and prioritizing support for companies' international activities, while also ensuring the proper balance between the uses and sources of funds in a market environment characterized by tight liquidity.

As of 31 December 2011, BECM had approximately 16,000 customers and €10.1 billion of customer loans outstanding (up 11.2% compared to 2010) and €2.9 billion of customer deposits (up 65% compared to 2010).

TARGOBANK Germany

TARGOBANK Germany is a retail bank in Germany, with 332 branches and advisory centres in 200 cities, serving 3.1 million customers. Having served the German market for over 80 years, it offers a wide range of banking products and services, including savings and investment products, insurance products, credit and financing products and remote access.

BFCM acquired TARGOBANK (formerly Citibank Deutscheland) in December 2008. The acquisition of TARGOBANK contributed to the diversification of the Group, as TARGOBANK's lending activities are concentrated in consumer loans, although it is developing a broader retail offering. In 2010, TARGOBANK Germany was migrated to the Group's information technology platforms. In 2011, TARGOBANK Germany implemented new marketing campaigns, focusing in particular on consumer loans and on enhancing its customer service. As of 31 December 2011, TARGOBANK Germany had €10.0 billion in customer loans outstanding (mainly consumer loans) and €9.6 billion in customer deposits.

In June 2011, new synergies with the Group were realized as TARGOBANK Germany marketed a bond issued by BFCM to its customers for the first time. TARGOBANK Germany also offers its customers the possibility to invest in three funds of Banque de Luxembourg as well as three funds managed by CM-CIC Asset Management.

TARGOBANK Germany's lending business consists mainly of consumer finance loans, as home loans in Germany are generally provided by specialised mortgage lending banks.

TARGOBANK Spain

In 2010, the Group launched TARGOBANK Spain, which is 50% held by BFCM and 50% held by Banco Popular Español. As of 31 December 2011, TARGOBANK Spain had 195,000 individual customers, 40,000 business customers, 124 branches and advisory centres located in 14 cities and regional areas in Spain and 152 ATMs, and managed more than 125,000 debit/credit cards. As of 31 December 2011, TARGOBANK Spain had 549 employees and €932 million of customer loans outstanding and €766 million of customer deposits.

Like the Group's retail banks, TARGOBANK Spain also markets insurance products, including automobile and residential insurance and payment options adapted to the Spanish market. The Group plans to apply its successful "bankinsurance" model in Spain. Information technology tools for estimates, subscription and management of contracts have been made available to all of TARGOBANK Spain's branches and platforms to support the TARGOBANK Spain network and claims management. In 2012, the Group expects to widen the services offered to include life insurance savings products and borrowers' insurance.

Specialized Products and Services

Cofidis

Cofidis is among the top five providers of consumer credit in France (according to the *Association Française des Sociétés Financières* and the *Banque de France*), and it has been serving the French market for almost three decades. It also provides consumer finance to customers throughout Europe.

BFCM acquired control of Cofidis in 2009 from the 3 Suisses International Group, a major French mail-order retailing group. BFCM holds an economic interest of 42% in substantially all of the Cofidis affiliates, but fully consolidates its results of operations because it exercises exclusive control. See "Management's Discussion and Analysis of Financial Condition and Results of Operations". According to the terms of the agreements entered into in connection with the transaction, BFCM may increase its shareholding in Cofidis Participations to 67% (in share capital and voting rights) by 2016, at the option of either party.

Cofidis offers individual customers revolving loans and personal loans, instalment plans, debt consolidation and payment cards. It assists consumers in financing home renovations, car purchases and purchases of other consumer goods and also provides cash loans.

Cofidis offers its consumer finance solutions through its website as well as through toll-free numbers. The website includes interactive tools such as a budget coach, loan simulators and credit comparisons to assist customers in finding the credit solution best adapted to their situation. Cofidis also has 850 retail partners in France that propose its financing solutions, including instalment payment plans based on financing provided by Cofidis. Cofidis has a 15-year agreement with 3 Suisses for the provision of consumer finance solutions to 3 Suisses customers.

When providing consumer credit, Cofidis also offers borrower's insurance, which provides for partial or full payment of the loan in certain events, which may include the inability to work due to illness or accident, unemployment, disability or death, and is supported by the Group's insurance segment. See "—Insurance" below.

Cofidis also offers its consumer credit solutions outside of France, in Spain, Portugal, Italy, Belgium, the Czech Republic, Slovakia and Hungary.

As of 31 December 2011, Cofidis had 7.5 million customers and €7,638 million of customer loans outstanding.

Groupe Sofemo

Group Sofemo's activities are focused on instalment payment solutions, and it is developing its sale financing activities. As of 31 December 2011, Groupe Sofemo had €1.2 billion of customer loans outstanding.

Banque Casino

The Group acquired a 50% interest in Banque Casino in July 2011; the remainder of Banque Casino is held by the Casino Group. Banque Casino offers credit cards, consumer loans and insurance in 102 Casino hypermarkets and also through the website Cdiscount. In 2011, Banque Casino provided €234 million of credit to customers. As of 31 December 2011, it had 700,000 customers and €268.5 million of customer loans outstanding.

Interests and Partnerships in International Banks

BFCM also holds interests in and has partnerships with other banks outside of France:

- *Banque Marocaine du Commerce Extérieur* (BMCE). BFCM holds a 25% interest in BMCE, one of the leading commercial banks in Morocco. The Group has significant commercial relationships with BMCE in areas such as the distribution of financial products, the delivery of banking and insurance services, real estate transactions, consumer credit and lending transactions.
- *Banque de Tunisie*. CIC holds a 20% interest in Banque de Tunisie, a historical partner of CIC and one of the leading banks in Tunisia. CIC is the reference shareholder, as the Tunisian State holds a 13% interest and the remainder is listed on the Tunis Stock Exchange.
- *Banco Popolare di Milano*. BFCM holds a 7.55% interest in Banco Popolare di Milano, accounted for by the equity method due to the Group's notable influence over key management decisions.

Insurance

The CM11-CIC Group is the leading non-life insurance provider and fourth leading life insurance provider among banks providing insurance in France. It has also extended its offerings internationally through subsidiaries and affiliates in Belgium, Luxembourg, Spain and Morocco.

The segment operates through Groupe des Assurances du Crédit Mutuel S.A. (GACM) and its subsidiaries. BFCM owns 53% of the capital of GACM, CIC holds 20.5%, the CF de CM holds 12.8%, and substantially all of the remainder is held by three other federations of the Crédit Mutuel network.

GACM offers a wide range of life, property and casualty, civil liability, health, death and disability, and borrower-protection insurance. Its insurance products are marketed through the Crédit Mutuel network, all of the CIC banks and branches and Cofidis (for borrower-protection insurance). GACM also offers its products to a limited extent through brokers, as well as directly through the networks of agencies such as MTRL (the Group's complementary health insurance subsidiary).

The CM11-CIC Group considers its insurance products to be a significant driver of the Group's development, allowing the Group's retail networks to offer customers and members complete and high-quality financial solutions. The Group continuously monitors the market and adjusts its policies, with a view to differentiating products from those of the competition.

As of 31 December 2011, GACM had 24.3 million insurance contracts outstanding, including 2.89 million fixed income and unit-linked life insurance contracts, 9.64 million property and casualty contracts (mainly homeowners, renters and auto insurance), and 11.77 million other contracts (mainly death and disability insurance, complementary health insurance and borrower protection insurance).

Non-Life Insurance

GACM offers customers a full range of non-life insurance products through the Group's retail banking networks and, since the beginning of 2011, through Cofidis (for borrower-protection insurance). The following table sets forth information relating to the non-life insurance products of the Group as of 31 December 2011.

Type of Insurance	Contracts outstanding 31 Dec. 2011	New contracts 2011	Premiums written 2011 (millions of euros)
Automobile	2.08 million	47,506	660
Homeowners and renters	1.96 million	52,728	350
Complementary Health	0.95 million	88,758	570
Death and Disability	4.69 million	188,240	370
Borrower protection	6.13 million	1,841,230	1,150
Total	**15.81 million**	**2.22 million**	**3,100**

GACM is the leading bank insurer in the non-life segment in France, based on information from the *Argus de l'Assurance*. Its market shares in France in 2011, based on number of contracts, were 5.47% for automobile insurance and 5.75% for homeowners and renters insurance, the two largest categories in the market.

The Group believes that, despite its already strong position, there is substantial growth potential in the insurance segment, particularly with clients in the CIC network. A significant percentage of the customers of the Crédit Mutuel network have at least one insurance contract with GACM, and the Group is seeking to achieve a similar penetration rate with customers of the CIC network. The Group also intends to extend its international offerings of insurance through TARGOBANK Germany and TARGOBANK Spain.

Life Insurance

GACM offers customers of the Group a comprehensive range of life insurance products, which benefit from the asset management expertise of CM-CIC Asset Management, the Group's asset management arm. The Group's offering of life insurance products is a key component of the overall savings product offering of the retail banking networks.

The Group's life insurance offerings meet the changing and varying needs of its entire customer base. The Group offers a contract in euros which provides a secure, fixed return, with an intergenerational contract particularly adapted for individuals seeking to provide for children. The Group's multi-support *Plan Assurance Vie* is adapted to the changing financial situation of customers and their desire to diversify their investments. The Group also has a policy marketed under the name *Sérénis Vie*, which is designed for the Group's Private Banking customers, providing diversified investment choices and tax advantages.

As of 31 December 2011, GACM had 2.89 million life insurance contracts outstanding, including 1.35 million unit-linked policies and 1.54 million fixed income policies. Total assets under management as of 31 December 2011 were €64.2 billion, a figure that has grown significantly in recent years (including 2.2% net growth in 2011, which was a particularly difficult year in the French life insurance market).

International development

The Group has pursued a policy of prudent international expansion of its insurance activities. In Luxembourg, its Luxembourg subsidiary ICM Life is specialized in life insurance saving products, with customers concentrated in the Group's private banking segment. The Group also has a 22% interest in the leading insurer in Morocco, RMA Watanya, a 100% interest in the Belgian non-life insurer Partners Assurances, and a 30% interest in ASTREE, one of the leading insurers in Tunisia and of which 50% is held by the Banque de Tunisie. The Group also has a 49% interest in RACC Seguros, a joint venture with the leading automobile insurance broker in Spain, the Royal Automobile Club of Catalonia.

As stated above, the Group plans to apply its "bankinsurance" model to TARGOBANK Spain and develop its insurance offering through this network.

Investments

Insurance assets are invested in a diverse range of products that are adapted to market conditions. Given the uncertainty in the international financial markets, GACM's investment policy in 2011 was prudent, with a significant concentration in highly-rated counterparties in solid European countries.

As of 31 December 2011, approximately 78.0% of life insurance assets were invested in long-term fixed income products (including 73% in AAA-rated products, mainly highly rated sovereigns and covered bonds). Approximately 12.0% was invested in shares (mainly large companies with low debt levels), 6.5% in money-market assets and 2.6% in real estate (53% office properties and 35% residential; 63% in Paris and Ile-de-France).

The significant weighting in favour of fixed income investments had an impact on the overall portfolio yield. Given the state of European equity markets, the Group's share portfolio had unrealized capital losses, which did not allow the Group to improve the overall yield. As a result, the yields offered on the Group's euro life insurance policies were on the order of 2.90% to 3.40% in 2011.

Financing and Markets

Financing

Through CIC and, to a lesser extent, BFCM, the Group provides a full range of financing and related products and services for large corporate and institutional customers, primarily in France, as well as internationally through CIC's three international branches (London, New York and Singapore) and 36 representative offices. The Group provides general financing and cash management products, as well as specialized financing such as acquisition financing, asset financing and project financing.

Average outstanding loans and commitments (such as undrawn loans and guarantees) of the Group's financing activities were €26.0 billion in December 2011. As of 31 December 2011, outstanding loans were €15.5 billion and customer deposits were €4.5 billion of deposits.

Large Corporate and Institutional Customers

CIC and BFCM serve their large corporate and institutional customers through a team of 65 representatives specialized by sector. They are responsible for all of the banking needs of the customer groups that they cover, and they work directly with the operational units of the large accounts division (*Direction des Grands Comptes*, or DGC).

Key customer representatives cover specific industries, such as energy, environment, telecom-media or defense-aeronautic, as well as specialized customer groups such as large companies with international activities in OECD countries and institutional investors. A specialized team is responsible for preparing bids for corporate cash management and payment services.

The DGC provides a full range of financing solutions to large corporate and institutional customers, including working capital and investment-related financing, syndicated credits, international commercial finance, guarantees, leasing and factoring. Customers are also offered complete cash flow management services, including payment services, treasury management, e-commerce and security solutions. Specialized international services, including payment flows, cash pooling and international guarantees, are also offered to customers.

In 2011, the DGC participated in 37 corporate loan syndications (compared to 26 in 2010), 78% of which consisted of refinancing existing lines of credit. The DGC also participated in and won several competitive bidding processes for cash management. The Group also strengthened its computerized banking activities and services for large customers (notably in remote payments and telephony) and unified its Corporate Payment Method and marketing teams on one platform.

The Group's relationships with corporate and institutional customers provide significant cross-selling opportunities. Large corporate and institutional customers are offered both straight corporate and specialized financing solutions, as well as a range of capital markets services (foreign exchange, hedging, securities services for institutional customers), asset management services, private banking services for executives and employee savings plans. The Group's operations are also designed to generate synergies and efficiencies, with services such as treasury management, international payments and employee savings offered to both large customers and to SMEs that are customers of the retail banking segment. When services that are part of the retail banking segment (such as factoring, leasing and some payment services) are sold to corporate and industrial customers, the retail banking network receives commissions.

Specialized Financing

The Group's specialized financing activities, conducted in the CIC group, include acquisition finance, asset financing and project financing. In all three areas, the Group's strategy is to serve the needs of key customers, but not to seek high financing volumes (this is reflected in the modest size of the Group's specialized financing teams). In France, the Group seeks lead arranger mandates and participations in club deals, but generally does not acquire positions in syndicates where it is not lead arranger or agent. Outside of France, the Group seeks lead arranger mandates in key areas in which it has specialized expertise and to assemble portfolios of interests in high quality loan assets.

The average outstanding loans of the Group's specialized financing businesses were €4.7 billion in December 2011, and their average outstanding commitments (such as undrawn credits and guarantees) were €2.8 billion. These figures do not include loans and commitments of the regional CIC banks, which provide acquisition financing to medium sized corporate customers, which are recorded in the retail banking segment.

Acquisition Finance

The Group supports its customers by providing financing for business transfers and external growth and development. The Group strives to maintain a balanced position, providing financing for corporate acquisitions (which often develops opportunity for further investment and working capital financing), as well as financing leveraged acquisitions by financial customers. The Group does not underwrite with a view to possible syndication, and it had no material non-syndicated commitments when the LBO market dried up at the height of the financial crisis.

In France, the Group has a strong position with mid-cap customers, providing financing both through both the acquisition financing division in Paris and the regional CIC banks (which have significantly larger total outstanding acquisition loans and commitments than the Paris division).

Outside of France, the Group provides acquisition financing to customers through the New York and Singapore branches of CIC, with the aim of building a portfolio of high quality loans to be held for significant periods of time.

Asset finance

The Group provides asset-based financing to customers through activities that are evenly spread among the New York, Singapore and Paris offices. Aircraft financing represents the largest share of the Group's activity, which also includes shipping equipment, oil and gas platforms and other assets.

The Group seeks lead arranger mandates in all of its offices. Many transactions arranged by the Group involve complex tax structures. For example, in 2010, the asset finance teams received an international distinction from Jane's Transport Finance: Asia Pacific Tax Deal of the Year for a structured finance deal with China Southern Airlines for ten Airbuses, combining a

French tax lease with export credit financing. Asset financing activity in Asia continued to be strong throughout 2011.

Project finance

The Group's project financing activities are focused mainly on electricity projects (including renewable energy sources such as onshore wind farms) and infrastructure (public-private partnership and similar structures for toll roads, high-speed rail lines and other projects), with some activity in oil and gas and telecommunications projects.

Project financing is provided through the Paris head office and the London and Singapore branches. The large majority of the activity is concentrated in France and Europe, while the Singapore branch concentrates mainly on projects in Australia. The Group often acts as lead arranger in France, and has close relationships with the major utility and energy companies. Outside France, much of the business constitutes taking participations in financings for projects sponsored by major French customers.

International

The main focus of the Group's international financial services strategy is to support customers in their international development, with a diversified product portfolio tailored to companies' needs. Many of the Group's programs are conceived for mid-sized customers of the regional CIC banks, while also being offered to large corporate customers.

Through CIC Développement International, CIC provides an innovative range of services to SMEs, including market studies, arranging sales visits, and prospecting for partnerships and locations. These services are delivered with the support of CIC Développement International's international consulting subsidiary, CMCIC Aidexport, and CIC's foreign branches and representative offices. Services are promoted on an ongoing basis by the branch network and at special events such as one-day seminars and country-specific discussion forums.

CIC also offers its investment clients a research service that analyzes the credit risk of major French and international bond issuers and the main sectors of the European and global economies. CIC's financing activities in 2011, including documentary transactions and issues of guarantees for both import and export transactions, were geographically diversified and characterized by the return of significant buyer credits in major countries.

Through agreements with partner banks, CIC is able to offer competitive services in the area of international transaction processing, particularly cash management and the opening of accounts abroad. CIC's partner banks include the Bank of East Asia in China, Banque Marocaine du Commerce Extérieur and Banque de Tunisie in North Africa, Banca Popolare di Milano in Italy and Banco Popular in Spain.

Markets

CM-CIC Marchés

The Group's markets and trading activities, as well as refinancing activities, are conducted under the CM-CIC Marchés name. As a result, CM-CIC Marchés serves as a vehicle for refinancing its own business development (and that of the Group generally) and also provides services for key client segments, including corporates, local governments and large accounts, as well as private banking and institutional clients interested in the innovative products developed by its financial engineering teams. These activities are carried out mainly in France, but also in the New York, London, Frankfurt and Singapore offices.

The market activities include a wide range of foreign exchange, interest rate and investment products, as well as advisory services for customers. CM-CIC Marchés' sales teams are based in Paris and in the main regional cities of French clients, other European network clients and large corporate clients.

Proprietary trading activities are conducted through CM-CIC Marchés and are organized into specialized desks for equity/hybrid instruments, credit spread, fixed income and volatility arbitrage. Through these activities, CM-CIC Marchés creates value in a disciplined risk environment and drives commercial development for the Group. See "Risk Management" for more information about the Group's risk management system.

CM-CIC Marchés also manages the external refinancing needs of the Group through three front office groups (in Paris, London and Frankfurt) that are responsible for short-term and long-term issuances by BFCM, CIC and the Group's covered bond and securitization vehicles, as well as Paris-based teams responsible for treasury management, asset-liability management and management of the Group's portfolio of liquid securities (mainly ECB-eligible securities). For a description of the refinancing activity, please see "Management's Discussion and Analysis of Financial Condition and Results of Operations—CM11-CIC Group Financial Condition—Liquidity and Funding".

CM-CIC Securities

CM-CIC Securities acts as a broker-dealer, clearing agent and custodian, and serves the Group's institutional investors, private asset management companies and corporate clients. It is also a member of ESN LLP, a "multi-local" network of nine brokers operating in 12 European countries (Germany, the Netherlands, Belgium, United Kingdom, Ireland, Finland, Italy, Spain, Portugal, Greece, Cyprus and France), and a majority shareholder of ESN North America (operating in the United States and Canada). This international network allows CM-CIC Securities to trade for its clients on all European and North American equity markets, as well as in several emerging markets.

CM-CIC Securities has 30 analysts and strategists based in France, a sales team of 38 people in Paris, Lyon and Nantes, four people in London (branch opened in 2010) and eight people in New York (ESN North America). CM-CIC Securities also employs five salespersons for index-linked and equity derivative products and eight salespersons and traders for traditional and convertible bonds.

CM-CIC Securities also has a research group for U.S. and Canadian equities at its disposal through exclusive distribution agreements signed between ESN North America and Needham & Co, an independent US investment bank based in New York, and Valeurs Mobilières Desjardins, a subsidiary of Caisse Desjardins, Canada's sixth largest bank.

As a securities custodian, CM-CIC Securities serves 115 asset management companies and administers 26,975 personal investor accounts and 272 mutual funds, representing €15 billion in assets. CM-CIC Securities also organizes over 300 company presentations, road shows and seminars a year in France and abroad.

CM-CIC Securities (through its primary markets division, CM-CIC Emetteur) is the Group's underwriter and arranger of financial transactions. It relies on the expertise of teams specializing in capital structuring and specialized financing and benefits from the commercial coverage of large corporate and institutional customers (described above), as well as the remainder of the Group network, including CIC Banque Privée. Partnership agreements with all ESN members have extended its stock market operations and merger and acquisition activities throughout Europe. The teams of CM-CIC Emetteur also provide issuer services, such as financial communication, liquidity contracts and stock buybacks, financial secretarial and securities services.

Private Banking

The Group's private banking segment is active in France, particularly with executives of the Group's business customers, as well as internationally in countries and areas where private banking offers growth potential: Belgium, Luxembourg, Switzerland and Asia. Its brands offer its customers a wide range of high value-added services, including wealth management, legal and tax services, life insurance products and financing and investments in real estate and art. Its customers include wealthy individuals and families as well as institutions and corporations.

As of 31 December 2011, the private banking segment had €66.1 billion of assets under management, in addition to €14.6 billion of customer deposits and €7.1 billion of credit from private banking customers.

France

In France, private banking services are provided mainly under three trade names:

- *CIC Banque Privée*, a business arm integrated with the CIC network that serves mainly senior executives. CIC Banque Privée has 343 employees located in 54 towns and cities throughout France. It assists high net worth individuals and supports senior executives, particularly at key stages in the lives of their companies: broadening their capital base, growth through acquisitions and family transfers. Working together with financial and wealth engineers, 174 private banking managers meet with senior business executives to identify and advise on their concerns and establish appropriate business and wealth strategies.
- *Groupe Banque Transatlantique*, whose tailor-made services are aimed largely at French nationals living abroad. CIC also operates asset management subsidiaries Transatlantique Gestion and GPK Finance, as well as affiliates in Belgium and Luxembourg.
- *Dubly-Douilhet*, an investment company specializing in discretionary portfolio management for high net worth clients in northern and eastern France.

International

The international activities of the private banking segment include the following banks and branches:

- *Banque CIC (Suisse)*, which serves both individual customers as well as corporate clients through eight establishments covering the principal Swiss business areas.
- *Banque de Luxembourg*, which provides private banking and asset management services to individuals and professionals in Luxembourg and neighbouring countries, with a tailor-made offering that corresponds to the needs of an institutional clientele composed of promoters of investment funds, independent investment managers and insurance companies.

- *CIC Private Banking - Banque Pasche*, which is active in more than 70 countries, with an offering constructed on the open architecture principle.
- *CIC Singapore Branch and CICIS Limited Hong Kong*, which manage U.S.$1.9 billion in assets for customers in Asia.

Private Equity

Private Equity is primarily conducted through CM-CIC Capital Finance, which invests both for the Group's own account and on behalf of customers in companies in a variety of sectors, primarily in France, but also internationally. As of 31 December 2011, CM-CIC Capital Finance had €2.7 billion of assets under management, and had invested in almost 650 total equity holdings, mostly unlisted companies. Approximately €1.8 billion of this amount was invested for the Group's own account, with the remainder invested for the account of third party customers.

CM-CIC Capital Finance's investments are diversified by sector, with the largest sector (services) representing approximately 23% of the total portfolio. Over two-thirds of the portfolio is represented by investments that are individually in amounts of €10 million or less (based on the original investment), and almost half is represented by individual investments of €5 million or less. Approximately one-third of the total investments were made since 2008, and approximately 40% were made between 2005 and 2007. The large majority of the investments of CM-CIC Capital Finance are in French companies, primarily in the western, southwestern and southeastern parts of the country. In 2011, the Group invested €381 million for the Group's own account in more than 170 transactions, including nearly two-thirds in growth capital and a major portion of reinvestments in existing portfolio lines with larger single investment amounts. The main investments involved NGE/TSO (€60 million), Altrad (€30 million), FIBI/Aplix (€28 million) and Piper Heidsieck (€23 million). CM-CIC Capital Innovation, a subsidiary that specialises in venture capital for the technology sector, invested €8 million in Antidot, Intersec and Starchip among others.

Logistics and Holdings

This segment includes two separate components. The first includes activities that are not part of one of the other segments, such as the Group's historical interests in press and media companies in the Eastern part of France, NRJ Mobile (which provides mobile phone services to retail banking customers) and Euro-Protection Surveillance (which provides security surveillance services to retail customers). The second includes organizational and holding company activities, including information technology systems, Group real estate, other services provided by CM-CIC Services, a subsidiary created in May 2008 to centralize and streamline logistics, payment processes, service platforms and support services for members of CM11-CIC and local banks in certain other federations. The results of the holding company component also include the Group's equity investments, acquisitions (including purchase accounting entries and acquisition financing costs) and start-up costs for new branches and local banks.

Support Functions

IT Systems

The Group dedicates substantial resources to maintaining a sophisticated information technology system to support its operations management and provide quality customer service. In order to maximize synergies within the Group, the Group is building and implementing a single Group-wide information technology system known as "Euro-Information", which serves as the foundation of its customer relations management capabilities, its risk management system and data processing centre. In June 2010, the Group began integrating the information technology system of TARGOBANK and expect to complete the integration by mid-2014. The Group operates its information technology system based on a comprehensive Group-wide information collection and processing.

The Group's information technology systems are based on the following principles:

- a commitment to quality customer service to all of the Group's clients and, in particular, to its information technology users, including 24-hours, seven days a week customer service;
- promoting its security policy and ensuring its compliance at all levels (internal network systems, internet services and in its branches), including ensuring at all times that the security policy is appropriate to the risks incurred, identifying the security services to be implemented and verifying and monitoring compliance with its security policy throughout the Group; and
- the implementation of risk prevention measures and contingency plans for an eventual systems shutdown.

The Group has established completely duplicative back-up IT systems in four different, interconnected IT hubs in Lille, Lyon, Strasbourg and Val de Fontenay to assure the protection of the Group's information technology in the event of any system failure of its primary information technology system. The Group's information technology system is able to fully resume operations within 48 hours in the case of a complete disruption of the primary information technology system.

Through its IT systems, the Group has access to the main domestic and international inter-banking systems such as CORE, ABE/EBA STEP 2, Deutsche Bundesbank's Retail Payment System, the Swift network, MasterCard France, MasterCard International, Visa Europe, Visa World and Target 2 (Trans-European Automated Real-Time). In addition, through CM-CIC Securities, the Group is also connected to NYSE Euronext, CHIX (for access to the European MTF market) and to international markets via several brokers (including the United States, Germany, Spain, United Kingdom, Finland and Greece).

In 2011, the Group's information technology system comprised a wide-ranging perimeter, reaching more than 43 million client accounts, 32 billion real-time transactions, 213,469 electronic payment terminals and 7,182 ATMs, not including TARGOBANK (which on its own processes over three billion real-time transactions and manages 673 ATMs). Also in 2011, the Group continued to expand its online banking system, including innovations such as smartphone banking, which continues to grow in importance to the Group's clients, and the development of upgrades to the Group's information technology system to accommodate new business demands and strengthen response capabilities to system deficiencies. The Group continues to work toward increasing operational efficiency through the optimization of its software program and data processing.

Insurance

The Group and its subsidiaries throughout the world are insured for general risks and risks specific to their business principally as follows:

- Risk of internal and external fraud;
- Risk of theft;
- Civil liability is covered by several policies for different amounts depending on their nature and, in certain cases, legal requirements (including operational, automobile and professional liability worldwide excluding the U.S., directors' liability and specific business line liability);
- Buildings used for business in France and their contents (excluding IT equipment) are insured at reconstruction or replacement value. Buildings outside France are insured locally; and
- IT equipment and consequential loss of banking business are covered under a blanket Group policy. The amount insured varies depending on the geographical sites insured.

Legal Proceedings

Group entities are subject to litigation from time to time in the ordinary course of business. The Group believes that it is not subject to any litigation that is likely, individually or collectively, to have a material adverse effect on its financial condition, liquidity or results of operations.

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the consolidated financial statements of the Group and the BFCM Group, in each case together with the related notes thereto, set forth in this Information Document. Such consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union.

The financial information relating to the Group includes the results of operations of five federations (CM5-CIC) in 2009 and 2010, and the results of operations and financial condition of ten federations (CM10-CIC) as at and for the year ended 31 December 2011, and as at and for the six month periods ending 30 June 2011 and 2012. An eleventh federation (making the Group CM11-CIC) joined the Group as of 1 January 2012, and its results of operations and financial condition are not reflected in the analysis below, except with respect to the first half of 2012.

Presentation of Information in this Section

This section contains an analysis of the results of operations of both the Group (CM5-CIC in 2009 and 2010, CM10-CIC in 2011 and CM11-CIC in 2012) and the BFCM Group.

- *The Group* is a mutual banking group that includes the Crédit Mutuel Local Banks that are members of the federations included in the Group, as well as the entities that are directly or indirectly owned by those Local Banks (mainly BFCM and its subsidiaries). Consolidated financial statements are prepared for the Group in accordance with IAS 27, based on the community of interests of the members. See Note 1.2 to the Group's consolidated financial statements for more details.
- *The BFCM Group* includes BFCM and its consolidated subsidiaries, including CIC. All entities in the BFCM Group are also in the Group. The principal difference between the Group and the BFCM Group is that the BFCM Group does not include any of the Local Banks.

The analysis below focuses mainly on the results of operations and financial condition of the Group. This information is relevant to the holders of securities issued by BFCM, and holders of covered bonds issued by Crédit Mutuel-CIC Home Loan SFH with proceeds that are on-lent to BFCM, for the following reasons:

- The entire BFCM Group is included in the Group.
- BFCM finances the funding requirements of the Local Banks that are not satisfied with customer deposits. The results of operations and financial condition of BFCM therefore depend on the results of operations and financial condition of all Group entities, including the Local Banks.
- Similarly, BFCM is effectively exposed to the same risks as the entire Group, including the risks borne by the Local Banks.

In order to avoid repeating information that is common to both the Group and the BFCM Group, the analysis of the results of operations of the BFCM Group in each period concentrates only on items that are different between the two groups – primarily the results of operations of the retail banking segment, which does not include the results of the Local Banks in the consolidated financial statements of the BFCM Group. In addition, the insurance segment of the Group includes the results of a legacy entity owned by the Local Banks, which no longer writes new policies, in addition to the results of GACM that are included in the consolidated results of both the Group and the BFCM Group. Finally, revenues and expenses from Euro Information, which provides information technology services to Group entities, appear in the "logistics and holdings" segment in the consolidated financial statements of the Group, but not in the consolidated financial statements of the BFCM Group, in which Euro Information is accounted for by the equity method.

Correction of an Accounting Error

During the preparation of the interim unaudited consolidated financial statements of each of the Group and the BFCM Group as at and for the six month period ended 30 June 2012, an error was identified with respect to the accounting treatment of the investment in Banco Popular Español (BPE), which was accounted for under the equity method for the first time in such financial statements. The error was corrected in the financial information for the six month period ended 30 June 2011 included in each of the Group's and the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012 included herein. The correction and its impact on the net income and total assets of each of the Group and the BFCM Group are described in note 1b to each of the Group's and the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012. The equity method accounting treatment of BPE results from the significant influence the Group has had over BPE since the end of the 2010 fiscal year.

The audited consolidated financial statements as at and for the years ended 31 December 2011 and 2010 of each of the Group and the BFCM Group have not been restated for this error, as the amounts involved were not material. The below discussions with respect to the years 2011 and 2010 are based on the data from the audited consolidated financial statements and therefore have not been corrected for this error, except as otherwise set forth therein. The discussions with respect to the six month periods ended 30 June 2012 and 2011 reflect the correction of the error in the interim unaudited consolidated financial statements.

Introduction

Overview of Results of Operations and Financial Condition

The Group's results of operations and financial condition in 2009, 2010 and 2011 and in the first half of 2012 reflected the expansion of the Group's scope of consolidation, a volatile economic environment and generally strong commercial performances, particularly in the core retail banking activity. Key factors that impacted the Group's results of operations and financial condition during this period included the following:

- The addition of five new federations as of 1 January 2011, as the CM5-CIC Group became the CM10-CIC Group (it expanded again as of 1 January 2012, with the addition of an eleventh federation to become the CM11-CIC Group).
- An initial economic recovery in 2010 and the first half of 2011, followed by a difficult economic context in the second half of 2011 as a result of the Greek sovereign debt restructuring and other concerns regarding the ability of sovereigns to refinance their debts. These difficult conditions continued into the first half of 2012, reflecting continued uncertainty with respect to European sovereign debt.

In this context, the Group recorded strong growth in the number of customers, deposits, total savings (deposits and managed savings such as life insurance and mutual funds) and loans to customers. Increases were recorded in all of these categories on a "comparable" basis (without regard to changes in scope of consolidation, as described further below), while the Group's expansion added to this growth.

The Group recorded net banking income of €11,053 million in 2011 (up 1.5% compared to 2010, when net banking income increased by 7.6% compared to 2009). The Group's 2011 net income (Group share) of €1,623 million, impacted by impairment charges on Greek sovereign debt, was slightly lower than the 2010 figure, when the Group recorded very strong results (net income up more than 64% compared to 2009). In the first half of 2012, the Group had net banking income of €5,831 million and net income (Group share) of €815 million (when it included eleven federations and was known as the CM11-CIC Group). These figures reflect the following key factors:

- In the first half of 2012, the addition of a new federation; strong commercial performance in retail banking and life insurance; increased private banking activity; and lower cost of risk from ongoing banking activities. These were offset by tighter margins in lending activities, higher operating expenses; and a continuing difficult environment for financial market activities.
- In 2011, the addition of five new federations, strong commercial performance in retail banking and non-life insurance; stable operating expenses; and a sharply lower cost of risk from ongoing banking activities (excluding Greek impairment charges). These were offset by tighter margins in retail lending; reduced life insurance business (consistent with the market as a whole); difficult conditions for financial market activities; the absence of a one-time tax benefit recorded in 2010; and Greek impairment charges.
- In 2010, the creation of TARGOBANK Spain and the full year consolidation of Cofidis, solid commercial performance and improved margins in retail banking; strong insurance business; uncertainty in market activities; an improved cost-to-income ratio; and a sharply lower cost of risk.

The Group has maintained a strong financial structure while adjusting its balance sheet in light of anticipated future regulatory requirements. The loan-to-deposit ratio has decreased substantially to 1.36x as of 31 December 2011 (compared to 1.57x at the end of 2009). As of 30 June 2012, the loan-to-deposit ratio declined further to 1.32x. The Group has significantly increased its proportion of medium and long-term funding, which represented approximately 64% of total refinancing debt as of the end of 2011 (compared to 48% as of the end of 2009). The Group's solid capital position is reflected in a Tier 1 ratio of 13.0% as of 30 June 2012.

Certain Factors Affecting Results of Operations and Financial Condition

Business Structure and Segments

The results of operations and financial condition of the Group reflect the heavy orientation of the Group's business in the retail banking and insurance areas. More than three-quarters of the net banking income of the Group is regularly derived from retail banking (83% in 2011), with another ten to fifteen percent typically represented by insurance that is sold primarily through the retail networks. Corporate and investment banking, including proprietary trading, generally represent a relatively small proportion of net banking income, as do private banking and private equity. In addition, insurance and private banking clients are also often retail banking clients, and gaining clients in these segments is a way to reinforce the results of the retail banking segment, both through the payment of distribution commissions and cross-selling of products. For example, a private banking client may also be a retail banking client, contributing to results in both segments. Asset management activities are provided to clients of the retail banking and insurance segments. As a result, costs relating to asset management are recorded in these segments, but asset management does not generate separate net banking income.

The business of the Group is concentrated in France, which typically represents approximately threequarters of the net banking income of the Group (81% in 2011). Internationally, the Group has significant activities in Germany and, to a lesser degree, Spain, as well as affiliated entities in Italy and North Africa. The Group has no activities in Greece. CIC also maintains international branches in London, New York and Singapore, as well as treasury operations in Frankfurt, and representative offices elsewhere around the world. These international activities generally represent a small portion of the Group's overall net banking income.

Home loans typically represent approximately half of the Group's total loans to customers. The Group's consumer finance business has expanded in recent years with the acquisitions of TARGOBANK in Germany and Cofidis. The following graphic shows the composition of the Group's loan portfolio during the five year period ended 31 December 2011.

Given the nature of the Group's activities, net banking income includes primarily net interest income and commission income from retail banking, with insurance income and financial market activities representing most of the remainder.

- Over the past few years, net interest margin has been driven by loan volumes, as well as significant changes in the Group's average margins, which increased as a structural matter with the addition of the consumer finance activities of TARGOBANK Germany and Cofidis (management believes that the increase in margins has more than offset the relatively greater cost of risk inherent in consumer finance).

- Net commission income in the retail banking segment has represented between approximately 36% and 37% of retail net banking income between 2009 and 2011. This is largely due to the Group's success in distributing its insurance products through the retail networks, as well as its strong offerings of services and technology.

The Group's net interest income includes margins on French regulated savings accounts known as the Livret A and the Livret Bleu, which represented approximately 10% of the Group's customer deposits as of 31 December 2011. The majority of the deposits made by customers in these accounts are transferred to the Caisse de dépôts et consignations (CDC), a French State-owned financial institution, to fund public programs such as low income housing development. The CDC pays a fixed margin over the interest rate paid on these savings accounts. Because the margin is fixed, the mix of regulated savings account deposits in the Group's overall customer deposits can have an impact on average margins.

Cost Structure

The Group carefully monitors its operating expenses, seeking where possible to industrialize processes in retail banking to achieve operating efficiencies. Substantially all of the Group's entities use the same information technology system, which provides substantial efficiency gains. In addition, retail banking personnel are encouraged to promote all of the Group's products and services, rather than being specialized by types of products. In recent periods, the Group's cost-to-income ratio has been consistently below that of other major French banking groups, despite the fact that the Group has a smaller share of its activity in areas such as corporate and investment banking, which typically have lower cost structures than retail banking.

Cost of Risk

The Group's cost of risk (excluding exceptional events such as the Greek financial crisis) is typically relatively limited as a result of the nature of its retail banking oriented business model, and its conservative approach to risk taking and strong risk management and monitoring. Country risk provisions, in particular, are small given the large proportion of the Group's business that is conducted in France. The Group's cost of risk increased with the acquisition of TARGOBANK Germany and Cofidis, whose consumer finance activities have a higher cost of risk than those of the Crédit Mutuel and CIC networks. Both TARGOBANK Germany and Cofidis recorded an improvement in 2010, 2011 and the first half of 2012 as the Group implemented more conservative risk policies, as discussed further in the year-on-year comparisons below.

European Sovereign Debt Exposure

In 2011, the Group recorded impairment charges relating to its holdings of Greek sovereign debt obligations, in amounts that, while significant, were well below the levels recorded by other large French and European banking groups. The Group has no presence in Greece.

The Group's impairment charges for Greek exposure recorded in cost of risk were €451 million in 2011, and an additional €58 million of write-downs on trading assets were recorded in net banking income. The Group also recorded write-downs of available-for-sale securities, including sovereign obligations, directly in equity. After income tax effects, the net impact on the Group's consolidated net income was €330 million. As of 31 December 2011, the Greek debt obligations held by the Group were written down by 70% in Group entities with banking activities (resulting in €193 million of remaining net carrying value) and by 78% in insurance entities (resulting in €72 million of remaining net carrying value, or €13 million net of the portion of exposure allocable to holders of related insurance policies). In the first half of 2012, the Group sold its remaining Greek sovereign debt obligations following the implementation of the Private Sector Involvement plan on 21 February 2012.

Overall, the Group's sovereign debt exposure is moderate, and the Group has been working to decrease this exposure. The following table presents the Group's exposure to the most sensitive European sovereigns as of 31 December 2011 and 30 June 2012:

(in millions of euros)	At 31 December 2011	At 30 June 2012
Greece	206	0
Portugal	154	128
Ireland	99	102
Total exposure Greece, Portugal and Ireland	**459**	**230**
Italy	4,495	4,676
Spain	261	214
Total exposure Greece, Portugal and Ireland	**4,756**	**4,890**

The Group's holdings in Greek, Portuguese and Irish public debt collectively represented approximately 2% of its Tier 1 capital as of 31 December 2011. The Group is actively working to decrease its exposure to Italian and Spanish public debt. The increase in Italian exposure as of 30 June 2012 resulted from an increase in market value of securities held by the Group. Approximately one third of the Group's Italian public debt had a maturity of less than one year as of 30 June 2012. More information about the Group's exposure to the sovereign debt of these countries is provided in note 7c to the CM10-CIC Group 2011 consolidated financial statements and note 7b to the CM11-CIC 2012 interim consolidated financial statements included elsewhere in this Information Document.

Capital Structure

As a mutual banking group, the Group's equity is ultimately owned by the Local Banks, which in turn are owned by their member-shareholders. The net profits earned by the Group are mainly retained in reserves, with member-shareholders receiving a fixed return set annually on a class of their cooperative shares (known as "*Parts B*"). Typically, approximately 90% of net profits is retained, and the remainder is distributed in respect of cooperative shares.

The Group regularly encourages subscriptions for new cooperative shares, at times conducting commercial campaigns to encourage subscription. The cooperative shares represent both a means of establishing customer loyalty, and a regular source of new capital. Conversely, because the Group does not have shares listed on a stock exchange, it is not able to raise capital through stock market offerings. See "Capital Adequacy of the Group" for information relating to the Group's regulatory capital requirements.

Results of Operations

SIX MONTH PERIOD ENDED 30 JUNE 2012 (CM11-CIC) COMPARED WITH SIX MONTH PERIOD ENDED 30 JUNE 2011 (CM10-CIC)

Economic Environment: Further Deterioration of the European Debt Crisis

The first half of 2012 was marked by a general economic downturn that resulted primarily from the considerable uncertainty created by deterioration in the euro zone debt crisis. The European Central Bank's long-term refinancing operations in December 2011 and February 2012 did not bring about increased lending or boost confidence in the domestic market. This persistent sluggishness was a result of substantial uncertainty related to the situation in Greece, marked by private sector participation in that country's debt restructuring and political paralysis following legislative elections in May, all of which raised doubts about the future of the euro zone itself. Meanwhile, new governments in Italy and Spain enjoyed only a very brief respite from investors. Sovereign debt spreads for these countries then rose rapidly to new highs, and countries deemed "safest" such as Germany were able to borrow short term at negative interest rates, a historic first reflecting the significant degree of risk aversion. Despite the tensions, clear progress was made on the institutional front in Europe, with the successive ratifications of the budget agreement signed in December 2011 and the strengthening of the financial support mechanisms. The challenge today involves maintaining economic growth in order to make the austerity policies sustainable.

In the United States, the first half was marked primarily by the snuffing out of nascent optimism with respect to the state of the economy, as disappointing figures — notably involving unemployment — were released. Electoral politics, notably over the "fiscal cliff" (budgetary stimulus measures that expire at end-2012 and account for more than 3% of GDP), also muddied the outlook for U.S. economic agents. In this environment, the Fed nevertheless chose to adopt a wait-and-see attitude, which certainly reflected the still favorable state of the U.S. economy but also the narrowing of its room to maneuver following earlier robust interventions.

Emerging markets were negatively affected by rising oil prices early in the year, which prevented a more rapid decline in inflationary pressures. Central banks continued to practice pro-growth monetary easing, but at a slower rate than anticipated. These interventions became even more necessary with the clear slowdown in demand from developed countries. Despite their common problems, the situations in emerging markets are increasingly marked by contrasts. Growth rates in Brazil and India are declining, while the slowdown in China and Russia is less pronounced.

Group Scope of Consolidation

As of 1 January 2012, an eleventh federation – Crédit Mutuel Anjou – joined the Group, which is now the CM11-CIC Group. As at 31 December 2011, Crédit Mutuel Anjou had €4.1 billion of customer savings, including €2.7 billion of customer deposits and €1.4 billion of managed savings, and €3.3 billion in loans outstanding. It recorded net banking income of €95.9 million in 2011. Crédit Mutuel Anjou contributed 248,000 customers, 76 points of sale and 684 employees to the Group.

Apart from the new federation, other changes in the scope of consolidation did not have a material impact on the Group's financial condition or results of operations in the six month period ended 30 June 2012.

For purposes of determining changes in income statement items on a "comparable basis" in this Section, the results of operations of the entity that entered the scope of consolidation for the first time in 2012 are eliminated. The results of operations of entities that entered the scope of consolidation for the first time in 2011, primarily Banque Casino and Groupe Est Républicain/DNA, are eliminated for the period of 2012 that corresponds to the period in 2012 during which these entities were not consolidated.

Correction of an Accounting Error

As described above under "Correction of an Accounting Error", the following discussion reflects the correction of an error that was identified with respect to the accounting treatment of the investment in Banco Popular Español (BPE), which was accounted for under the equity method for the first time in the interim consolidated financial statements as at and for the six month period ended 30 June 2012. The error was corrected in the financial information for the six month period ended 30 June 2011 included in each of the Group's and the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012 included herein. The correction and its impact on the net income and total assets of each of the Group and the BFCM Group are described in note 1b to each of the Group's and the BFCM Group's interim unaudited consolidated financial statements as at and for the six month period ended 30 June 2012. The discussion with respect to the results for the years ended 31 December 2011 and 2010 does not reflect any correction of this error.

Group Activity Overview

Activity levels in the six month period ended 30 June 2012 were moderate, reflecting the complex market environment. In addition to the contributions from the new federation, the Group opened new Local Banks and recorded comparable basis increases in customers, loans and deposits. In particular:

- The number of clients of the CM11-CIC Group increased by approximately 1.2 million to approximately 23.7 million at the end of the period (including 0.2 million from the incoming federation).
- Customer loans outstanding increased by €4.9 billion compared to 31 December 2011 to €268.8 billion at 30 June 2012. The 30 June 2012 figure represented growth of 9.4% on a comparable basis as compared to 30 June 2011 in investment loans (equipment loans) and 2.4% growth on a comparable basis as compared to 30 June 2011 in home loans.
- Customer deposits grew by 10.3% (excluding SFEF deposits and repurchase transactions) compared to 31 December 2011. Including the new federation, such customer deposits stood at €204.3 billion as at 30 June 2012.
- The Group added, on a net basis, more than 492,000 new insurance contracts in the first half of 2012, raising the total portfolio to 24,395,842 policies.

The outstanding customer loans of the CM11-CIC retail banking networks increased 2.5% on a comparable basis compared to 30 June 2011 to €229.7 billion at 30 June 2012. Deposits of the CM11-CIC retail banking networks increased by 11.7% on a comparable basis compared to 30 June 2011, to €175.2 billion as at 30 June 2012. With €21 billion of customer loans outstanding at 30 June 2012, the activities of the Group's principal subsidiaries (TARGOBANK Germany, TARGOBANK Spain, Cofidis and Banque Casino) were steady, despite new regulatory constraints and the difficult economic climate.

Customer loans outstanding were €16.6 billion in the financing and market segment and €7.2 billion in the private banking segment, in each case at 30 June 2012.

Finally, drawing in particular on its expertise in technology, the Group strengthened its position in the fields of e-money, payment services and mobile telephony. This is opening new opportunities to satisfy customer needs and to generate additional revenues.

Group Results of Operations

The Group's results of operations in the six month period ended 30 June 2012 reflected a continuing difficult environment for retail banking and financial market activities and higher operating expenses. These were offset by the impact of the addition of the new federation, increased private banking activity and lower cost of risk from ongoing banking activities.

The following table sets forth the evolution of the Group's key income statement items in the six month periods ended 30 June 2011 and 2012.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)	Change on a Comparable Basis
Net banking income	**6,096**	**5,831**	**- 4.3%**	**- 6.6%**
Operating expenses and Depreciation, amortization and provisions for non-current assets	(3,579)	(3,781)	5.6%	–
Gross operating income	**2,518**	**2,051**	**- 18.5%**	**–**
Cost of risk	(678)	(568)	- 16.2%	–
Operating income	**1,840**	**1,483**	**- 19.4%**	**–**
Share of income/(loss) of affiliates	(1)	(58)	NS	–
Gains or losses on other assets	52	12	- 76.9%	–
Change in value of goodwill	0	0	0%	–
Net income before tax	1,891	1,437	- 24.0%	–
Income tax	(625)	(521)	- 16.6%	–
Net income	**1,266**	**916**	**- 27.6%**	**–**
Net income attributable to minority interests	135	100	- 25.9%	–
Net income – Group share	**1,131**	**815**	**- 27.9%**	**–**

Net Banking Income

Net banking income of the CM11-CIC Group was €5,831 million for the six month period ended 30 June 2012, down 4.3% (and down 6.6% on a comparable basis) compared to the six month period ended 30 June 2011. The key components of the changes in the Group's net banking income from the six month periods ended 30 June 2011 to 2012 included the following:

- A decrease of 25.6% in net interest income, from €3,103 million in the six month period ended 30 June 2011 to €2,310 million in the same period in 2012, driven by tighter margins, due to competitive conditions and higher financing costs that resulted from the Group's efforts to fund a greater portion of its requirements with deposits.
- Decreased net commission income, which fell from €1,440 million in the six month period ended 30 June 2011 to €1,344 million in the same period in 2012, representing a decrease of 6.7%. Gross commission income decreased due to a decrease in commissions received on securities transactions and services, such as mobile phone services and real estate services.
- An increase in the gain on financial instruments at fair value, from €258 million in the six month period ended 30 June 2011 to €798 million in the six month period ended 30 June 2012, reflecting impairment of Greek sovereign bonds in the six month period ended 30 June 2011, as well as fluctuations in the value of proprietary trading activities.

Retail banking and insurance together represented approximately 85.7% of net banking income in the six month period ended 30 June 2012 and 87.5% in the six month period ended 30 June 2011. Net banking income from all segments, other than the private banking and logistics and holding segments, decreased on a comparable basis in the six month period ended 30 June 2012 compared to the six month period ended 30 June 2011. The following table presents a breakdown of net banking income by business segment. See "—Results of Operations by Segment" for an analysis of net banking income and other income statement items by business segment.

	Six month period ended 30 June,			
(in millions of euros)	2011 (restated)	2012	Change (1H 2012 /1H 2011)	Change on a Comparable Basis
Retail banking	4,645	4,356	- 6.2%	- 7.9%
Insurance	693	639	- 7.8%	- 7.8%
Financing and market activities	631	563	- 10.8%	- 10.8%
Private banking	233	248	6.5%	6.5%
Private equity	95	72	- 24.2%	- 24.2%
Logistics and holding	100	243	142.3%	82.1%
Inter-segment	(296)	(289)	- 2.3%	- 2.3%
Total	**6,102**	**5,831**	**- 4.4%**	**- 6.7%**

The geographical breakdown of the Group's net banking income reflects its focus on local banking and insurance in its home market of France, which represented approximately 83.0% of net banking income for the six month period ended 30 June 2012, a slightly greater share than for the six month period ended 30 June 2011, due to the addition of the new federation to the Group, as well as a more significant decline in net banking income realized outside of France. The following table provides a breakdown of the Group's net banking income by region in the six month periods ended 30 June 2012 and 2011.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)
France	4,969	4,839	- 2.6%
Europe excluding France	979	914	- 6.6%
Other countries	148	78	- 47.3%
Total	**6,096**	**5,831**	**- 4.3%**

Gross operating income

Gross operating income was €2,051 million in the six month period ended 30 June 2012, a decrease of 18.5% compared to the same period in 2011, when the Group recorded gross operating income of €2,518 million, reflecting a decline in net banking income and the €63 million charge resulting from the adjustment on the discount rate used to evaluate retirement benefit obligations.

The cost-to-income ratio deteriorated from 58.7% in the six month period ended 30 June 2011 to 64.8% in the same period in 2012.

Operating expenses and depreciation, amortization and provisions for non-current assets totaled €3,781 million in the six month period ended 30 June 2012, up 5.6%, reflecting the following:

- Payroll costs increased by 8.5%, from €2,111 million in the six month period ended 30 June 2011 to €2,290 million, reflecting primarily an increase in the average number of employees from 58,777 in the six month period ended 30 June 2011 to 62,202 in the same period in 2012. Average employee numbers outside France increased by 3.3%, while growth in France was 6.4%. The increase in the average number of employees reflects the change in the consolidation scope.
- Other operating expenses (including depreciation and amortization) remained relatively stable, totaling €1,490 million in the six month period ended 30 June 2012, compared to €1,468 million in the six month period ended 30 June 2011. External services account for the largest share of these expenses, and were €1,055 million in six months ended 30 June 2012 and €1,020 million in 2011, an increase of 3.4%.

Cost of Risk

The Group's cost of risk decreased to €568 million in the six month period ended 30 June 2012, representing a decrease of 16.2% compared to €678 million recorded in the same period in 2011. The six month period ended 30 June 2012 figure included €32 million of impairment charges relating to Greek sovereign debt obligations, reflecting the loss incurred on the sale of the remaining Greek sovereign obligations held by the

Group. In June 2011, the Group had incurred a €142 million impairment charge related to Greek sovereign obligations. Excluding these charges, the cost of risk for 2011 represented 0.38% of outstanding customer loans at 30 June 2012, compared to 0.37% for the same period in 2011. See "—Analysis of Cost of Risk and Doubtful Loans" for more detail.

Operating income

Operating income was €1,483 million in the six month period ended 30 June 2012, representing a decrease of 19.4% compared to operating income€1,840 million for the six month period ended 30 June 2011. The decrease in operating income was primarily the result of the decrease in gross operating income, as described above, offset in part by the reduced cost of risk.

Other income statement items

Share of income/(loss) of associates. The Group's share of loss of associates (i.e., companies accounted for under the equity method) increased from a loss of €1 million in the six month period ended 30 June 2011 to a loss of €58 million in the same period in 2012. The variation reflects primarily the €60 million loss recorded in connection with the correction of this line item for the six month period ended 30 June 2012 to reflect the consolidation of Banco Popular Español, which was accounted for under equity method for the first time in the first half of 2012. See Note 1b to the Group's interim consolidated financial statements included elsewhere in this Information Document.

Gains (losses) on other assets. The Group's gains on other assets declined from €52 million in the six month period ended 30 June 2011 to €12 million in the same period in 2012, with the difference reflecting the sale of the reinsurer ICM Ré in the six month period ended 30 June 2011.

Income tax. The Group recorded corporate income tax expense for the six month period ended 30 June 2012 of €521 million, down 16.6% compared to €625 million in the same period in 2011, reflecting the decline in operating income.

Net income

Net income, group share, was €815 million in the six month period ended 30 June 2012, a decrease of 27.9% compared to €1,131 million in the same period in 2011. The decrease resulted from the factors described above, primarily lower gross operating income.

Results of Operations by Segment

Retail Banking

Retail banking is by far the Group's largest segment. In the six month period ended 30 June 2012, 74.7% of the Group's net banking income came from the retail banking segment. The following table sets forth information relating to the results of operations of the retail banking segment in the six month periods ended 30 June 2011 and 2012.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)	Change on a Comparable Basis
Net banking income	4,645	4,356	- 6.2%	- 7.9%
Operating expenses	(2,858)	(2,959)	3.5%	1.9%
Gross operating income	1,787	1,397	- 21.8%	- 23.4%
Cost of risk	(459)	(455)	- 0.9%	- 3.0%
Net gain (loss) on disposal of other assets	27	6	- 77.8%	- 78.9%
Net income before tax	1,371	947	- 30.9%	- 32.2%
Income tax	(452)	(329)	- 27.2%	- 29.1%
Net income	919	618	- 32.8%	- 33.7%

Retail banking activity showed some dynamism in the six month period ended 30 June 2012, despite the difficult market environment:

- The new federation contributed €56 million to net banking income in the six month period ended 30 June 2012.
- Customer deposits of the retail banking networks increased from €156.8 billion at 30 June 2011 to €175.2 billion at 30 June 2012, representing growth of 11.7% on a comparable basis. The retail banking networks also managed €109.3 billion of customer savings at 30 June 2012 compared to €114.3 billion at 30 June 2011. Deposits from customers in the new federation were €2.7 billion at 30 June 2012.
- Customer loans of the retail banking networks grew from €224.2 billion at 30 June 2011 to €229.7 billion at 30 June 2012, an increase of 2.5% on a comparable basis. The new federation contributed €3.3 billion of customer loans.

Despite the increase in customer deposits and loans, net banking income from the retail banking segment decreased by 6.2% in the six month period ended 30 June 2012, compared to the six month period ended 30 June 2011, and 7.9% on a comparable basis. The decrease was due to narrowing net interest margins as well as a decrease in fee and commission income for securities transactions and financial services, which reflected the general economy and overall market instability, which were partially offset by favorable trends in fee and commission income for services, such as mobile phone services, and insurance products.

Net banking income from the CM11 and CIC retail banking networks declined by 6.2% to €3.645 billion in the six month period ended 30 June 2012.

Net banking income from TARGOBANK Germany declined by 8.1%, to €646.3 million in the six month period ended 30 June 2012, reflecting the continued decrease in average margins resulting from a competitive environment and increased refinancing costs as TARGOBANK Germany pursued its strategy of funding a greater share of its own requirements through local deposits.

Net banking income from Cofidis declined by 11%, to €529 million in the six month period ended 30 June 2012, reflecting the lower rates on customer credits, mainly due to the lowering of the usury ceiling in France on the revolving product in the wake of the Lagarde reforms, although credit outstanding increased by 1%. For additional information on the Lagarde reforms, see "Government Supervision and Regulation in France—Consumer Credit". Consumer credit markets contracted in France, Spain and Portugal.

Net commission income represented 36% of the net banking income of the retail segment. Approximately €525 million of commissions were paid by the insurance segment for the distribution of insurance products by the retail networks.

Gross operating income of the retail banking segment decreased from €1,787 million in the six month period ended 30 June 2011 to €1,397 million for the same period in 2012, representing a decrease of 21.8% (a decrease of 23.4% on a comparable basis). Operating expenses increased to €2,959 million in the six month period ended 30 June 2012, up 3.5% compared to the same period in 2011 (up 1.9% on a comparable basis). The cost-to-income ratio of the retail banking segment deteriorated from 61.5% for the six month period ended 30 June 2011 to 67.9% for the same period in 2012, reflecting a decline in net banking income and the adjustment to the discount rate used to evaluate retirement benefit obligations.

The cost of risk decreased slightly (down 0.9%, or 3.0% on a comparable basis in the first half of 2012 compared to the same period in 2011).

As a result of the above factors, net income from retail banking totaled €618 million for the six month period ended 30 June 2012, down 32.8% compared to €919 million for the same period in 2011, or down 33.7% on a comparable basis.

Insurance

In the six month period ended 30 June 2012, 11.0% of the Group's net banking income came from the insurance segment. The following table sets forth information relating to the results of operations of the insurance segment in the six month period ended 30 June 2011 and 2012, as presented in the Group's consolidated financial statements.

(in millions of euros)	**Six month period ended 30 June, 2011 (restated)**	**2012**	**Change (1H 2012 /1H 2011)**
Net banking income	693	639	- 7.8%
Operating expenses	(188)	(186)	- 1.1%
Gross operating income	505	453	- 10.4%
Cost of risk	(39)	(0)	NS
Net gain (loss) on disposal of other assets	47	5	NS
Net income before tax	513	457	- 10.9%
Income tax	(163)	(167)	2.7%
Net income	350	290	- 17.1%

In an unusual economic context, insurance revenues of the Group declined by 9.3% to €4.057 billion in the six-month period ended 30 June 2012.

- Life insurance premiums of the GACM group declined 17.3% to €2.3 billion in the six month period ended 30 June 2012. However, outstanding life insurance amounts continue to progress, and in the first half of 2012 the Group was able to pursue its provision of life insurance to customers at a level similar to that of the first half of 2011.
- The decrease in premiums from life insurance contracts was partially offset by a significant increase in non-life insurance premiums of the GACM group to €1.75 billion in the six month period ended 30 June 2012, reflecting an increase of 5%, led by a strong 7.9% increase in the property segment. Despite the relatively unfavorable economic environment, GACM continues to gain market share, in particular in the automobile and homeowners' insurance segments.
- The Group also recorded insurance revenues from a legacy insurance company owned by the Local Banks, which no longer writes new insurance policies.

The insurance businesses of GACM paid a total of €525 million in distribution commissions in the six month period ended 30 June 2012, an increase of 2.6% compared to the same period in 2011.

As a result of the foregoing, net banking income from the insurance segment was €639 million in the six month period ended 30 June 2012, representing a decline of 7.8% compared to the same period in 2011. Operating expenses decreased slightly to €186 million in the six month period ended 30 June 2012 from €188 million for the same period in 2011, largely as a result of a change in scope (disposal of a subsidiary). At constant scope, operating expenses were stable and contributed to the improved operating margins.

The cost of risk of the insurance segment in the six month period of 30 June 2012 amounted to zero. In 2011, the cost of risk amounted to €39 million, reflecting impairment charges related to Greek sovereign obligations.

The results of the insurance segment also reflected a net gain from the disposal of assets of €47 million in the six month period of 30 June 2011 (reflecting the sale of ICM Ré), compared to a net gain of €5 million in the six month period ended 30 June 2012.

Income tax charges increased in the six month period ended 30 June 2012 despite the decline in operating income.

For the reasons described above, net income from the insurance segment totaled €290 million in the six month period ended 30 June 2012, down 17.1% compared to €350 million for the same period in 2011.

Financing and Market

In the six month period ended 30 June 2012, 9.7% of the Group's net banking income came from the financing and market segment.

The following table sets forth information relating to the results of operations of the financing and market segment in the six month period ended 30 June 2011 and 2012.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)
Net banking income	631	563	- 10.8%
Operating expenses	(142)	(154)	8.5%
Gross operating income	489	408	- 16.6%
Cost of risk	(46)	(50)	8.7%
Net gain (loss) on disposal of other assets	0	0	NS
Net income before tax	442	359	- 18.8%
Income tax	(150)	(136)	- 9.3%
Net income	293	224	- 23.5%

Financing

Net banking income from financing activities decreased from €235 million in the six month period ended 30 June 2011 to €178 million in the same period in 2012, or 24.5%. The decrease reflected a continued difficult economic context marked by slowing activity and lower margins.

Gross operating income decreased from €191 million in the six month period ended 30 June 2011 to €132 million in the same period in 2012. The cost-to-income ratio deteriorated from 18.7% in the six month period ended 30 June 2011 to 25.3% in the same period in 2012, reflecting the decrease in net banking income while operating expenses remained stable (€44 million in the six month period ended 30 June 2011 and €45 million in the six month period ended 30 June 2012).

The cost of risk increased to €31 million in the six month period ended 30 June 2012, compared to a net reversal of €17 million in the same period in 2011, reflecting the deterioration in the financial situation of the Group's clients beginning in the second half of 2011. The increase in the number of customers rated E+ generated a collective provision of €17.7 million in the six month period ended 30 June 2012, compared to a net reversal of €18.2 million in the six month period ended 30 June 2011.

Income taxes decreased from €72 million in the six month period ended 30 June 2011 to €34 million in the same period in 2012, due to the decrease in operating income.

As a result of the foregoing, net income from financing decreased to €68 million, compared to €136 million in the six month period ended 30 June 2011.

Market activities

Net banking income from market activities totaled €385 million in the six month period ended 30 June 2012, compared to €396 million in the same period in 2011. While CM-CIC Marchés in France recorded growth in net banking income in the first half of 2012, this increase was more than offset by the contraction of other market activities (in particular of the New York branch, where CIC pursued a strategy seeking lower volatility, and CM-CIC Securities, as the equities and securities market activity was low).

Gross operating income was €276 million in the six month period ended 30 June 2012, representing a decline of 7.4% compared to gross operating income of €298 million in the same period in 2011. The decrease in gross operating income essentially reflected the slight decline in net banking income combined, with an increase in operating expenses to €109 million, compared to €98 million in the same period in 2011, reflecting a €9 million increase in social taxes and €4 million increase in professional taxes.

The cost of risk from market activities decreased to €19 million in the six month period ended 30 June 2012, compared to €63 million in the same period in 2011 (which included €11 million on impairment for Greek sovereign debt, with the remainder relating primarily to residential mortgage-backed securities in New York).

As a result, net income before tax from market activities increased to €257 million in the six month period ended 30 June 2012, compared to €234 million in the same period in 2011. After tax, net income was €156 million in the six month period ended 30 June 2012 compared to €157 million in the same period in 2011.

Private Banking

In the six month period ended 30 June 2012, 4.3% of the Group's net banking income came from the private banking segment. The following table sets forth information relating to the results of operations of the private banking segment in the six month period ended 30 June 2011 and 2012.

(in millions of euros)	**Six month period ended 30 June, 2011 (restated)**	**2012**	**Change (1H 2012 /1H 2011)**
Net banking income	233	248	6.5%
Operating expenses	(158)	(167)	5.6%
Gross operating income	75	81	8.6%
Cost of risk	(48)	(0)	NS
Net gain (loss) on disposal of other assets	0	7	NS
Net income before tax	27	88	x 3.3
Income tax	(6)	(21)	x 3.5
Net income	21	67	x 3.2

Net banking income from private banking totaled €248 million in the six month period ended 30 June 2012, up 6.5% compared to €233 million in the same period in 2011, reflecting strong results at Banque de Luxembourg, which benefited from higher yields on its liquidity surplus, a portion of which was shifted from monetary products to products with a term of 2 years, and the generally better performance of the Group's foreign private banking activities and than its private banking activities in France.

The following table provides information regarding the level of activity of the private banking segment in the six month period ended 30 June 2011 and 2012.

(in billions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)
Deposits	13,3	15,4	16%
Loans	6,7	7,2	9%
Savings managed	74,6	76,7	3%

Operating expenses increased to €167 million in the six month period ended 30 June 2012, compared to €158 million in the same period in 2011.

Given the increase in net banking income and the slight increase in operating expenses, gross operating income increased 8.6%, from €75 million in the six month period ended 30 June 2011 to €81 million in the same period in 2012.

The cost of risk decreased from €48 million for the six month period ended 30 June 2011 to zero in the same period in 2012, reflecting the impact of the depreciation of Greek bonds (which totaled more than €43 million for the segment) in the same period in 2011.

As a result of the above factors, net income from private banking increased to €67 million for the six month period ended 30 June 2012, compared to €21 million for the same period in 2011.

Private Equity

In the six month period ended 30 June 2012, 1.2% of the Group's net banking income came from the private equity segment. The following table sets forth information relating to the results of operations of the private equity segment in the six month period ended 30 June 2011 and 2012.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)
Net banking income	95	72	- 24.2%
Operating expenses	(18)	(17)	- 8.5%
Gross operating income	77	55	- 28.0%
Cost of risk	0	0	NS
Net gain (loss) on disposal of other assets	0	0	NS
Income tax	0	1	NS
Net income	77	56	- 26.6%

The private equity segment continued to experience difficult conditions in the six month period ended 30 June 2012, with net banking income of €72 million, compared to €95 million in the same period in 2011. The decrease reflects the difficult market environment, with a decrease in the value of and capital gains realized on the portfolio.

The following table provides a breakdown of investments and amounts managed by the segment at 30 June 2012.

(in millions of euros)	
Total investments by the Group made in the six month period	94
Cumulative amount invested by the Group	1,570
Value of Group portfolio [1] excluding amounts managed for third parties	1,795
Amounts managed for third parties [2]	704

1. Of which 83% invested in unlisted companies and the remainder in listed companies and funds.
2. Including investment commitments.

Operating expenses remained stable in the six month period ended 30 June 2012 compared to the same period in 2011, and net income from private equity totaled €56 million in the six month period ended 30 June 2012, compared to €77 million in the same period in 2011, as a result of the above factors.

Logistics and Holdings

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)
Net banking income	94	243	158.5%
Operating expenses	(509)	(586)	15.1%
Gross operating income	(415)	(344)	- 17.1%
Cost of risk	(86)	(63)	- 26.7%
Gains or losses on other assets	(38)	(63)	65.8%
Net income before tax	(540)	(470)	- 13.0%
Income tax	145	131	- 9.7%
Net income	(395)	(339)	- 14.2%

The logistics and holding segment generated net banking income of €243 million in the six month period ended 30 June 2012, compared to net banking income of €94 million in the same period in 2011. These figures reflect the following for the two principal components of this segment:

- The “logistics and other” business of the Group produced net banking income of €632 million in the six month period ended 30 June 2012, compared to €502 million in the same period in 2011, an increase of 25.9%. This reflects primarily the change in the scope of consolidation and the gross margin of the press and media affiliates Groupe Est Républicain/DNA and Euro Protection Surveillance.
- The “holding company” activities of the Group generated negative net banking income of €389 million in the six month period ended 30 June 2012, compared to €408 million in the same period in 2011. The 2012 figure includes the cost of providing working capital to certain banking entities in other segments (€(152) million), the cost of acquisition financing of TARGOBANK Germany €(127) million), the amortization of

purchase accounting entries relating to TARGOBANK Germany (€100 million), start-up costs relating to Crédit Mutuel Local Banks and CIC branches (€(98) million), offset in part by dividends received on equity investments (€140 million).

Operating expenses increased by 15.1%, from €509 million in the six month period ended 30 June 2011 to €586 million in the same period in 2012, reflecting the change in the scope of consolidation.

The cost of risk in this segment was €63 million in the six month period ended 30 June 2012, including the impact of the depreciation of Greek bonds (€34 million in the six month period ended 30 June 2012). Cost of risk in this segment in the same period in 2011 was €86 million, including the impact of the depreciation of Greek bonds (€49 million in the six month period ended 30 June 2011).

This segment also includes an impairment charge of €76 million on Banco Popular Español (BPE) securities, equity consolidated for the first time in the interim financial statements for the six month period ended 30 June 2012.

As a result of the foregoing, the logistics and holding segment had negative net income of €339 million in the six month period ended 30 June 2012, compared to negative net income of €395 million in the same period in 2011.

Analysis of Cost of Risk and Doubtful Loans

The cost of risk decreased 16.2% to €568 million in the six month period ended 30 June 2012, compared to the 2011 figure for the same period of €678 million. Cost of risk for the period includes a €32 million charge related to the sale of securities received as consideration for the Group's contribution of Greek sovereign debt eligible for the Private Sector Involvement plan adopted 21 February 2012. Following these transactions, the Group no longer holds any Greek sovereign debt. Excluding the impact of the Greek impairment charges, the cost of risk for the six month period ended 30 June 2012 decreased 12.7%, representing 0.38% of outstanding loans to customers at the end of the period (for the CM11-CIC Group), compared to 0.37% for the same period in 2011(for the CM10-CIC Group).

The Group's cost of risk from ordinary activities (excluding the impact of significant external events such as the Greek crisis) is relatively limited as a result of the nature of its retail banking oriented business model, and its conservative approach to risk taking and strong risk management and monitoring.

The following table shows the cost of risk as a percentage of loans to customers in the six month period ended 30 June 2012 and 2011.

Cost of Risk (% of loans to customers)	30 June 2011	30 June 2012
Retail banking (excluding TARGOBANK Germany, Cofidis)		
Individuals	- 0.06%	- 0.06%
Home loans	*- 0.04%*	*- 0.04%*
Retailers and artisans	- 0.25%	- 0.24%
Small and medium-sized enterprises	- 0.26%	- 0.27%
Total Retail Banking (excluding TARGOBANK Germany, Cofidis)	**- 0.14%**	**- 0.12%**
Financing and market (large corporate)	**- 0.49%**	**- 0.21%**
Private Banking	**- 0.01%**	**- 0.09%**
TARGOBANK Germany	**- 1.87%**	**- 2.28%**
Cofidis	**- 4.17%**	**- 5.08%**
Total all customers	**- 0.38%**	**- 0.37%**

In the six month period ended 30 June 2012, the Group also saw an increase in the proportion of doubtful loans in its overall portfolio, and increased its coverage of doubtful loans with provisions. The following table provides information on the Group's doubtful loans and provisions for possible loan losses in the six month period ended 30 June 2011and 2012 (certain figures in the table do not add due to rounding):

(in billions of euros)	30 June 2011 (restated)	30 June 2012
Gross customer loans outstanding	267.0	276.3
Non-performing loans	11.4	11.3
Loans loss reserves	7.5	7.5
Of which specific reserves	*7.1*	*6.9*
Of which reserves for country, sector and other general risks	*0.4*	*0.6*
Doubtful loan ratio (doubtful loans/gross customer loans)	4.28%	4.08%
Coverage ratio of provisions to doubtful loans	65.75%	66.49%

See "Risk Management" for additional information relating to the Group's portfolio of loans and offbalance sheet risks, provisions and doubtful exposures.

BFCM Group Results of Operations

The results of operations of the BFCM Group in the six month period ended 30 June 2012 were driven by the same factors that influenced the results of operations of the CM11-CIC Group, including the difficult economic context.

The following table sets forth key figures for the BFCM Group in the six month periods ended 30 June 2011 and 2012.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)	Change on a Comparable Basis
Net banking income	**4,473**	**4,215**	**- 5.8%**	**- 7.7%**
Operating expenses and Depreciation, amortization and provisions for non-current assets	(2,539)	(2,641)	4.0%	1.3%
Gross operating income	**1,935**	**1,574**	**- 18.7%**	**- 19.5%**
Cost of risk	(624)	(506)	- 18.9%	- 20.1%
Operating income	**1,311**	**1,068**	**- 18.5%**	**- 19.3%**
Share of income/(loss) of affiliates	4	(53)	NS	na
Gains or losses on other assets	50	10	80%	na
Net income before tax	1,365	1,026	- 24.8%	- 24.7%
Income tax	(438)	(375)	- 14.4%	- 15.3%
Net income	**926**	**650**	**- 29.8%**	**- 29.1%**
Net income attributable to minority interests	172	133	- 22.7%	na
Net income – Group share	**755**	**517**	**- 31.5%**	**na**

Net Banking Income

BFCM Group net banking income decreased from €4,473 million in the six month period ended 30 June 2011 to €4,215 million in the same period in 2012, representing a decrease of 5.8%, or 7.7% on a comparable basis. The key components of the change in net banking income of the BFCM Group from the six month period ended 30 June 2011 to 2012 included the following, all of which reflect the same factors applicable to the Group:

- A 34.3% decrease in net interest income, from €2,172 million in the six month period ended 30 June 2011 to €1,426 million in the six month period ended 30 June 2012, driven by tighter margins;
- A 6.7% decrease in net commission income, from €1,055 million in the six month period ended 30 June 2011 to €984 million in the six month period ended 30 June 2012, reflecting primarily a decrease in commissions received on securities transactions and services;
- An increase in the gain on financial instruments at fair value, from €262 million in the six month period ended 30 June 2011 to €795 million in the six month period ended 30 June 2012, reflecting impairment of Greek sovereign bonds in the six month period ended 30 June 2011, as well as fluctuations in the value of proprietary trading activities;

- An increase in the gain on sales of financial instruments available for sale, from a gain of €70 million in the six month period ended 30 June 2011 (reflecting sales of equity investments) to a gain of €122 million in the six month period ended 30 June 2012; and
- A 2.6% decrease in other net banking income (net of other net banking charges), from €913 million in the six month period ended 30 June 2011 to €889 million in the six month period ended 30 June 2012, reflecting the same factors that impacted the Group's other net banking income.

Retail banking represented the largest activity in the BFCM Group, while insurance and financing/markets represented the next highest proportions. The following table presents a breakdown of net banking income by business segment. See "—Results of Operations by Segment" for an analysis of net banking income and other income statement items by business segment of the Group.

(in millions of euros)	**Six month period ended 30 June, 2011 (restated)**	**2012**	**Change (1H 2012 /1H 2011)**
Retail banking	3,148	2,918	- 7.3%
Insurance	648	605	- 6.6%
Financing and market activities	631	563	- 10.8%
Private banking	233	248	6.4%
Private equity	95	72	- 24.2%
Logistics and holding	(241)	(169)	29.9%
Inter-segment	(35)	(26)	25.7%
Total	**4,479**	**4,215**	**- 5.9%**

Net banking income of the BFCM Group from retail banking decreased by 7.3% compared to the same period in 2011. The margins of the CIC retail banking network showed a greater decrease than the margins of the CM11 retail banking network, reflecting their different client bases.

Net banking income from the other segments of the BFCM Group was generally similar to that of the analogous segments in the CM11-CIC Group, analyzed above, with the exception of the logistics and holding segment (for the reasons described under "—Presentation of Information in this Section").

France represented approximately 74.8% of net banking income of the BFCM Group in the six month period ended 2011 and 76.5% in the same period in 2012. The following table provides a breakdown of the Group's net banking income by region in the six month periods ended 2011 and 2012.

(in millions of euros)	Six month period ended 30 June, 2011 (restated)	2012	Change (1H 2012 /1H 2011)
France	3,346	3,223	- 3.7%
Europe excluding France	979	914	- 6.6%
Other countries	148	78	- 47.3%
Total	**4,473**	**4,215**	**- 5.8%**

Gross operating income

Gross operating income of the BFCM Group decreased by 18.7%, to €1,574 million in the six month period ended 2012 from €1,935 million in the same period in 2011. Operating expenses, depreciation, and amortization were relatively stable at €2,641 million in the six month period ended 2012, compared to €2,539 million in the same period in 2011. The BFCM Group's cost-to-income ratio increased to 62.7% in the six month period ended 2012 from 56.8% in the same period in 2011.

Retail banking gross operating income was €980 million in the six month period ended 2012, a 21.0% decrease compared to €1,241 million of gross operating income recorded in the same period in 2011. The cost-toincome ratio of the retail banking segment deteriorated from 60.6% in the six month period ended 30 June 2011 to 66.4% in the same period in 2012, reflecting the same trends as are discussed above for the retail banking segment of the CM11-CIC Group, without the impact of the new federation.

Cost of Risk

Cost of risk of the BFCM Group decreased by 18.9%, from €624 million in the six month period ended 2011 to €506 million in the same period in 2012. The change on a comparable basis was 20.1%. The reasons for the improvement are largely the same as those described above for the CM11-CIC Group.

Operating income

Operating income of the BFCM Group was €1,068 million in the six month period ended 2012, representing a decrease of 18.5% compared to €1,311 million in the same period in 2011. This decrease reflected the decrease in gross operating income and increase in the cost of risk, each as described above.

Net income

Net income, group share, of the BFCM Group was €517 million in the six month period ended 2012, a decrease of 31.5% compared to €755 million in the same period in 2011.

Transactions with CM11-CIC Group Entities

The BFCM Group recorded €457 million of gross operating income in the six month period ended 30 June 2012 from transactions with entities in the CM11-CIC Group that are not part of the BFCM Group (primarily the Local Banks and CF de CM, as well as the non-consolidated portion of TARGOBANK Spain and Banque Casino). In the six month period ended 30 June 2011, gross operating income earned on transactions with entities in the CM10-CIC Group was €447 million. The 2.2% increase resulted mainly from a decrease in commissions paid to CM11 network banks by CMCIC-Asset Management and by BECM (lower commissions on payment services resulting from lower transaction volumes).

Net interest income from these transactions was €549 million in the six month period ended 2012 and €558 million in the same period in 2011. As at 30 June 2012, there were €39.6 billion of loans outstanding to the entities in the CM11 Group that are outside the BFCM Group, compared to €47.8 billion to the CM10 Group as at 30 June 2011.

Net commissions paid were €82 million in the six month period ended 2012, and €108 million in the same period in 2011.

Other net banking income from these entities was €7 million in the six month period ended 2012, compared to €14 million in the same period in 2011.

YEAR ENDED 31 DECEMBER 2011 (CM10-CIC) COMPARED WITH YEAR ENDED 31 DECEMBER 2010 (CM5-CIC)

French, European and Global Economic Environment

2011: Sovereign Debt, Markets and the Economy

After an initial period of economic recovery in 2010, the global economy slowed once again in 2011. The shock that originated with the U.S. real estate bubble in 2007 produced successive waves of crises: the subprime crisis and structural financial disequilibria affected the financial sector before beginning to impact the overall economy in 2008. In the latest episode, the crisis impacted the solvency of States that, to varying degrees, increased their public deficits.

2011 will thus be remembered as the year of successive aid packages for Greece. Early in the year, it became apparent that the initial aid package adopted in April 2010 would be insufficient, resulting in a second plan in July 2011, then another in October. The final plan contemplated the voluntary reduction by private creditors of a portion of Greece's sovereign debt. In the end, Greece officially defaulted on its payment obligations in 2012.

This recurring story was the source of repeated tensions in Europe, as the markets doubted the capacity of States considered the most fragile to repay their debts, resulting in a vicious circle by which interest rates on public sector debt periodically spiked, worsening public deficits and the weight of public indebtedness. To respond to this situation, the last European Council meeting in 2011 adopted a fiscal stability pact, strengthening the ability of Brussels to take actions relating to national budgets before they are voted, and imposing penalties for violation of the fiscal stability pact that are more automatic than the penalties provided for in the prior regime. The pact also provides for the adoption of a "golden rule" in all European Constitutions, requiring all States to balance their budgets.

European States were not alone in suffering from worries over budgetary matters. The U.S. public debt exceeded the symbolic level of 15 trillion dollars in 2011, rising above the U.S. gross domestic product. At the beginning of August, Standard & Poor's reduced the formerly "AAA" credit rating of the United States as a result of political gridlock between Democrats and Republicans over the measures necessary to stabilize public finances as a condition to increasing the public debt ceiling.

In Asia, China continued to show indicators of a strong economy, with GDP growth of 9.2%, currency reserves of U.S. $3 trillion and public debt limited to 27% of GDP. Nevertheless, the country appears to have Achilles' heels that leave in doubt whether it is completely safe from a future financial crisis. Stimulated by low interest rates and political support, bank loans increased 60% in two years after 2008, contributing to an increase in real estate prices in what would appear to be a speculative bubble. The Chinese banking sector's exposure to real estate represents more than 20% of GDP, and a burst of the real estate bubble could threaten the stability of a banking system considered by many to be fragile.

In the Euro zone, the economic context strengthened the central role of Germany in European governance, with France having no real choice other than to follow along, given its relatively modest performance in terms of growth, public deficits and credit ratings. Given the strong slowdown in France, the French government had to take additional emergency economic measures in order to respect the objective of reducing the deficit to 5.7% of GDP in 2011 and 4.5% in 2012. After an initial austerity plan of €12 billion in August 2011, in November the Prime Minister presented a second savings plan of €7 billion for 2012. These efforts are generally considered insufficient if French growth stagnates again, as foreseen by numerous economists.

Finally, a description of 2011 would be incomplete without mention of the natural disaster that struck Japan on March 11, when the country was struck by an earthquake followed by a giant tsunami that damaged a large part of the coast, causing 20,000 deaths and devastating entire regions. The Fukushima nuclear power plant was damaged by the earthquake and tsunami, resulting in a nuclear disaster of which the ultimate public health impact is not yet known and which brought the question of nuclear safety to the heart of public debate.

Financial sector: towards a rationing of credit in Europe?

The excesses of the financial industry had been pointed to as one of the factors of the economic crisis, and the G20 had asked the Basel Committee to make proposals to establish a more restrictive prudential and regulatory framework for the banking sector. This work resulted in the proposals of Basel III. In 2011, debates on the effects and conditions of the implementation of Basel III intensified with the renewal of financial tensions in the Euro zone. As a result, the European Banking Authority modified the implementation calendar that had initially been expected by requiring that the largest banks comply by mid-2012 with new capital adequacy ratios significantly exceeding the minimal requirements of Basel III.

This early application can only result in a slowdown in the supply of credit, as the ability to mobilize new equity is limited by such requirements. In addition, banks are still confronted with contradictory and varying demands from public authorities: they are asked to continue largely to provide long-term finance to the economy at low rates by refinancing in the short term market, while at the same time reinforcing capital adequacy ratios. Banks are increasingly incentivized by regulations to provide financing to States, even if their solvency appears questionable. These requirements are clearly incompatible.

There is also the risk that reinforcement of regulations that are focused only on banks may miss the real issues that arose from the crisis (as the French banking model resisted the crisis fairly well), given that, paradoxically, the unregulated parallel banking system (called "shadow banking") continues to be unregulated on both sides of the Atlantic, despite its central role in the emergence and spread of the crisis of 2007/2008.

In spite of uncertainty in the financial markets, the housing market in France remained relatively sound in 2011. Average French housing prices increased between 1% and 5% in the first half of 2011, according to the *Conseil Général de l'Environnement et du Développement Durable* (CGEDD), but were tempered by expectations of fiscal reform, which decreased demand and slowed price increases. The stability of the French housing market in recent years can be attributed to strong structural demand relative to an inadequate growth in supply, as well as to a conservative origination policy. The French home loan market consists mainly of lowrisk, prime home loans with fixed rates to maturity. Sales volumes (in terms of numbers of transactions) increased in 2011 by 6.1% compared to 2010, with more than 800,000 transactions recorded in 2011.

Group Scope of Consolidation

In 2011, the Group expanded with the addition of five federations as of 1 January 2011, as the CM5-CIC Group became the CM10-CIC Group. The following table sets forth certain key figures of the five federations added to the Group in 2011.

(in millions of euros except customers, points of sale and percentages)	**At or for the year ended 31 December 2011**
Customers (year end)	1.9 million
Points of sale (year end)	543
Customer deposits	23,060
Customer loans and receivables	26,340
Total assets	27,201
Total assets (% of Group total)	*5.8%*
Net banking income	913
Net income	237.6

Apart from the five new federations, other changes in the scope of consolidation did not have a material impact on the Group's financial condition or results of operations in 2011.

For purposes of determining changes in income statement items on a "comparable basis" in this Section, the results of operations of each of the entities that entered the scope of consolidation for the first time in 2011 are eliminated. The results of operations of entities that entered the scope of consolidation for the first time in 2010 are eliminated for the period of 2011 that corresponds to the period in 2011 during which these entities were not consolidated.

As of January 1, 2012, an eleventh federation – Crédit Mutuel Anjou – joined the Group, which is now the CM11-CIC Group. As of December 31, 2011, Crédit Mutuel Anjou had €2.7 billion of customer deposits and €1.4 billion of managed savings and €3.3 billion in loans outstanding. It recorded net banking income of €95.9 million in 2011. Crédit Mutuel Anjou contributed 248,000 customers, 76 points of sale and 684 employees to the Group.

Group Activity Overview

Activity levels in 2011 were strong given the complex market environment. In addition to significant growth from the five new federations, the Group opened new Local Banks and recorded comparable basis increases in customers, loans and deposits. In particular:

- The number of clients of the CM10-CIC Group increased to approximately 23 million at year-end (including 1.9 million from the new federations and more than 100,000 through internal growth).
- Customer loans outstanding increased by €34.6 billion (growth of 3.5% on a comparable basis), to €263.9 billion, driven primarily by growth of 10.7% on a comparable basis in investment loans (equipment loans) and 3.2% growth on a comparable basis in home loans.
- Customer deposits grew by 10.4% on a comparable basis (excluding SFEF deposits and repurchase transactions). Including the new federations, such customer deposits stood at €193.6 billion as of 31 December 2011.
- The Group added 2.43 million new insurance contracts (an increase of 11.1%), including 1.6 million from borrower insurance that was offered for the first time to customers of Cofidis.

The retail banking segment added €33.8 billion of new customer loans, increasing its total to €240 billion at the end of 2011, an increase of 3.5% on a comparable basis. Deposits of the retail segment increased by 12.7% on a comparable basis, to more than €170 billion as of the end of 2011. With €22.4 billion of customer loans outstanding as of 31 December 2011, the activities of new subsidiaries (TARGOBANK Germany, TARGOBANK Spain, Cofidis and Banque Casino) were steady, despite new regulatory constraints and the difficult economic climate.

Customer loans outstanding were €15.5 billion in the corporate banking segment and €7.1 billion in the private banking segment, in each case as of 31 December 2011.

Finally, drawing in particular on its expertise in technology, the Group strengthened its position in the fields of e-money, payment services and mobile telephony. This is opening new opportunities to satisfy customer needs and to generate additional revenues.

Group Results of Operations

The Group's results of operations in 2011 reflected the impact of the addition of the five new federations, increased retail banking activity, increased non-life insurance business, stable operating expenses and a sharply lower cost of risk from ongoing banking activities. These were offset by tighter margins on retail lending, lower life insurance business, a difficult environment for financial market activities, the absence in 2011 of a one-time tax benefit recorded in 2010, and impairment charges relating to the Group's Greek sovereign debt holdings.

The following table sets forth the evolution of the Group's key income statement items in the years ended 31 December 2010 and 2011.

(in millions of euros)	2010	2011	Change (2011/2010)	Change Comparable Basis
Net banking income	**10,889**	**11,053**	**1.5%**	**- 7.9%**
Operating expenses and Depreciation, amortization and provisions for non-current assets	(6,356)	(6,942)	9.2%	- 0.3%
Gross operating income	**4,533**	**4,111**	**- 9.3%**	**- 18.5%**
Cost of risk	(1,305)	(1,456)	11.6%	6.7%
Operating income	**3,228**	**2,656**	**- 17.7%**	**- 28.7%**
Share of income/(loss) of affiliates	26	6	- 76.9%	
Gains or losses on other assets	16	66	n.s.	
Change in value of goodwill	(45)	(9)	n.s.	
Net income before tax	3,225	2,718	- 15.7%	- 26.7%
Income tax	(884)	(913)	3.3%	- 7.3%
Net income	**2,341**	**1,805**	**- 22.9%**	**- 34.1%**
Net income attributable to minority interests	380	182	52.1%	
Net income – Group share	**1,961**	**1,623**	**- 17.2%**	**- 30.5%**

Net Banking Income

Net banking income of the CM10-CIC Group was €11,053 million in 2011, up 1.5% (but down 7.9% on a comparable basis) compared to 2010. The net banking income of the five federations added to the Group in 2011 was €913 million. The key components of the changes in the Group's net banking income from 2010 to 2011 included the following:

- An increase of 1.8% in net interest income, from €6,190 million in 2010 to €6,300 million in 2011, driven by the additional federations and reflecting increased loan volumes offset by tighter margins.
- Decreased net commission income, which fell from €2,759 million in 2010 to €2,702 million in 2011, representing a decrease of 2.1%. Gross commission income was stable despite the addition of the new federations, as increased commissions from client transactions offset a decline in commissions from securities transactions and other services (including a decline in commissions realized by Cofidis, resulting from the replacement in 2011 of borrowerprotection insurance provided by outside parties with insurance provided by GACM). Commissions paid increased by €48 million due to the addition of the new federations, generally reflecting commissions paid to providers of payment services, such as credit and debit card transaction processing.
- A net loss on financial instruments recorded at fair value through profit and loss of €70 million in 2011 (including impairment charges of €58 million in respect of Greek sovereign debt holdings and €98 million in the private equity segment), compared to a gain of €75 million in 2010 realized largely on securities held in the private equity segment.

- A decline in net gains from financial instruments available for sale, from €125 million in 2010 (reflecting mainly gains on sales of government securities held in the portfolio) to €11 million in 2011.
- An increase in other net banking income and expenses, from €1,738 million in 2010 to €2,109 million in 2011, reflecting primarily increased mobile phone revenues of NRJ Mobile, revenues from the newly acquired Est Republicain newspaper and the combination of the Group's surveillance businesses, formerly recorded by the equity method, in the fullyconsolidated Euro Protection Surveillance, as well as gains recorded in 2011 on the sale of claims against Lehman Brothers that had previously been the subject of impairment charges.

Retail banking and insurance together represented approximately 92% of net banking income in 2011 and 88% in 2010. Net banking income from all segments, other than Private banking, decreased on a comparable basis in 2011 compared to 2010, with the most significant declines occurring in the insurance and finance and market segments. The following table presents a breakdown of net banking income by business segment. See "—Results of Operations by Segment" for an analysis of net banking income and other income statement items by business segment.

(in millions of euros)	**2010**	**2011**	**Change (2011/2010)**	**Change on a Comparable Basis**
Retail banking	8,401	9,206	9.6%	- 2.0%
Insurance	1,198	967	- 19.3%	- 19.3%
Financing and market activities	1,074	885	- 17.6%	- 17.6%
Private banking	404	431	6.7%	6.8%
Private equity	191	93	- 51.3%	- 51.3%
Logistics and holding	103	27	NS	NS
Inter-segment	(482)	(557)	NS	NS
Total	**10,889**	**11,053**	**1.5%**	**- 7.9**

The geographical breakdown of the Group's net banking income reflects its focus on local banking and insurance in its home market of France, which represented approximately 81% of 2011 net banking income, a greater share than in 2010, due to the addition of the new federations to the Group, as well as a decline in net banking income realized outside of France.

The following table provides a breakdown of the Group's net banking income by region in 2010 and 2011

(in millions of euros)	2010	2011	Change (2011/2010)
France	8,534	8,944	4.8%
Europe excluding France	2,011	1,861	- 7.5%
Other countries	343	249	- 27.4%
Total	**10,889**	**11,053**	**1.5%**

Gross operating income

Gross operating income was €4,111 million in 2011, a decrease of 9.3% compared to 2010, when the Group recorded gross operating income of €4,533 million. On a comparable basis, the 2011 figure represented a decrease of 18.5% compared to 2010.

The cost-to-income ratio deteriorated from 58.4% in 2010 to 62.8% in 2011, reflecting the higher cost base of the new federations, which did not benefit from Group-related synergies before joining the Group. The cost-to-income ratio nonetheless remained below the French market average of 64%. The increase in the costto-income ratio reflected the decline in comparable basis net banking income, as the Group's expenses declined slightly on a comparable basis.

Operating expenses and depreciation, amortization and provisions for non-current assets totaled €6,942 million in 2011, up 9.2%, but down 0.3% on a comparable basis, compared to 2010, reflecting the following:

- Payroll costs increased by 12%, from €3,606 million in 2010 to €4,043 million, reflecting primarily an increase in the average number of employees from 53,180 in 2010 to 61,145 in 2011. Average employee numbers outside France increased by 15%, while growth in France was 5%. The increase in the average number of employees reflects the increase in the scope of consolidation, including in particular the addition of the new federations in France, and the full year consolidation of TARGOBANK Spain in 2011.
- Other operating expenses (including depreciation and amortization) increased from €2,750 million in 2010 to €2,898 million in 2011, an increase of 5.4%, that reflected mainly the new federations and Banque Casino, offset in part by the absence in 2011 of certain 2010 expenses relating to the rebranding and information technology integration of TARGOBANK Germany. External services account for the largest share of these expenses, and were €1,940 million in 2010 and €2,041 million in 2011, an increase of 5.2%.

Cost of Risk

The Group's cost of risk increased to €1,456 million in 2011, representing an increase of 11.5% compared to €1,305 million recorded in 2010. The 2011 figure included €451 million of impairment charges relating to Greek sovereign debt obligations. Excluding these charges, the cost of risk for 2011 represented 0.37% of outstanding customer loans at 31 December 2011, compared to 0.54% for 2010. See "—Analysis of Cost of Risk and Doubtful Loans" for more detail.

Operating income

Operating income was €2,656 million in 2011, representing a decrease of 17.7% (28.7% on a comparable basis) compared to the 2010 figure of €3,228 million. The decrease in operating income was primarily the result of the decrease in gross operating income and the increase in cost of risk, each as described above.

Other income statement items

Share of income/(loss) of associates. The Group's share of income of associates (i.e., companies carried under the equity method) decreased from €26 million in 2010 to €6 million in 2011. The decrease reflected primarily a €31 million charge relating to certain transactions to reinforce the capital of Banco Popolare di Milano in the first half of 2011. These transactions and their consequences on the Group's consolidated income statement are described in Note 15 to the Group's 2011 consolidated financial statements included elsewhere in this Information Document.

Change in value of goodwill. The Group's goodwill impairment charges declined from €45 million in 2010 (relating to certain of the Group's affiliates in the media and press sector) to €9 million in 2011.

Income tax. The Group recorded corporate income tax expense for 2011 of €913 million, up 3.3% compared to €884 million in 2010 despite the decline in operating income. In 2010, the Group recorded a €120 million one-time tax benefit described below under "Year ended 31 December 2010 (CM5-CIC) as compared with Year ended 31 December 2009 (CM5-CIC)". As a result, the effective tax rate was only 27.63% in 2010, compared to 33.5% (close to the French corporate tax rate) in 2011.

Net income

Net income, group share, was €1,623 million in 2011, a decrease of 17.2% compared to €1,961 million in 2010. The decrease on a comparable basis was 30.5%. The decrease resulted from the factors described above, primarily the lower gross operating income, higher cost of risk and higher effective tax rate.

Results of Operations by Segment

Retail Banking

Retail banking is by far the Group's largest segment. In the year ended 31 December 2011, 83.3% of the Group's net banking income came from the retail banking segment.

The following table sets forth information relating to the results of operations of the retail banking segment in 2010 and 2011.

(in millions of euros)	2010	2011	Change (2011/2010)	Change on a Comparable Basis
Net banking income	8,401	9,206	9.6%	- 2.0%
Operating expenses	(4,890)	(5,484)	12.1%	0.0%
Gross operating income	3,511	3,722	6.0%	- 4.9%
Cost of risk	(1,154)	(879)	- 23.8%	- 29.3%
Net gain (loss) on disposal of other assets	31	36	16.1%	14.4%
Net income before tax	2,388	2,879	20.6%	7.1%
Income tax	(800)	(926)	15.8%	5.4%
Net income	1,588	1,953	23.0%	8.0%

Retail banking activity levels were strong in 2011 given the market environment. Depending on the network, customer loans increased between 3% and 4% from 2010 to 2011, while deposits grew between 8% and 15%.

- Customer deposits increased from €130.8 billion as of 31 December 2010 to €171.0 billion as of 31 December 2011, representing an increase of 12.7% on a comparable basis, reflecting in part a shift from life insurance and mutual fund products, as well as an overall increase in total deposits and managed savings. Deposits from customers in the five new federations were €23.1 billion as of 31 December 2011.
- Customer loans grew from €206.2 billion at the end of 2010 to €240.0 billion at the end of 2011, an increase of 3.5% on a comparable basis. The increase reflected strong commercial production of new home loans and equipment financing in the Crédit Mutuel and CIC networks, partially offset by a decrease in customer loans at TARGOBANK Germany and TARGOBANK Spain. The five new federations contributed €26.3 billion of customer loans.

Net banking income from the retail banking segment grew by 9.6% from 2010 to 2011, but declined by 2.0% on a comparable basis. The decline was mainly due to tightening margins in the Crédit Mutuel and CIC networks, resulting largely from longer maturities on the funding of new loan production as a result of the Group's efforts to satisfy future regulatory requirements. In addition, net banking income from TARGOBANK Germany declined by 8.4%, to €1,344.6 million in 2011, and net banking income from Cofidis declined by 7%, to €1,142 million in 2011, in each case reflecting a decrease in average margins resulting from a competitive environment and increased refinancing costs.

Net commission income represented 36.6% of the net banking income of the retail segment. Approximately €700 million of commissions were paid by the insurance segment for the distribution of insurance products by the retail networks, and an additional €200 million were paid by the insurance segment to Cofidis for its new activity of distributing borrower's insurance to its customers. Approximately €203 million of commissions were recorded in respect of internet banking services, surveillance services, real estate transactions and mobile telephone subscriptions, representing an overall increase of 18%.

Gross operating income of the retail banking segment increased from €3,511 million in 2010 to €3,722 million in 2011, an increase of 6.0% (but a decrease of 4.9% on a comparable basis). Operating expenses increased to €5,484 million in 2011, up 12.1% compared to 2010 (but stable on a comparable basis). The costto-income ratio of the retail banking segment deteriorated from 58.2% for 2010 to 59.6% for 2011.

The cost of risk decreased significantly (down 23.8%, or 29.3% on a comparable basis), while the coverage ratio for doubtful loans increased to 66.9%. The significant reduction in the cost of risk was seen throughout the segment, including the Crédit Mutuel network (where cost of risk represented 0.10% of outstanding loans), the CIC network, BECM, TARGOBANK Germany and Cofidis.

As a result of the above factors, net income from retail banking totaled €1,953 million for 2011, up 23.0% compared to €1,588 million for 2010, or up 8.0% on a comparable basis.

Insurance

In the year ended 31 December 2011, 8.7% of the Group's net banking income came from the insurance segment. The following table sets forth information relating to the results of operations of the insurance segment in 2010 and 2011, as presented in the Group's consolidated financial statements.

(in millions of euros)	Year Ended 31 December 2010	2011	Change (2011/2010)
Net banking income	1,198	967	- 19.3%
Operating expenses	(367)	(351)	- 4.4%
Gross operating income	831	615	- 26.0%
Cost of risk	0	(44)	NS
Net gain (loss) on disposal of other assets	(3)	44	NS
Net income before tax	828	615	- 25.7%
Income tax	(144)	(194)	34.7%
Net income	684	421	- 38.5%

In an unusual economic context, insurance premiums of the Group declined by 11.3%, from €9.2 billion in 2010 to €8.2 billion in 2011.

- Life insurance premiums of the GACM group declined from €7.1 billion in 2010 to €5.9 billion in 2011, reflecting a general market shift from life insurance to traditional bank deposits in a difficult economic environment. Despite a sharp decline in life insurance and annuity contracts, total assets under management increased by 2.2%.
- The decrease in premiums from life insurance contracts was partially offset by a significant increase in non-life insurance premiums of the GACM group from €2.0 billion in 2010 to €2.1 billion in 2011, reflecting an increase of 6.3%. Home and car insurance premiums increased 5.3% and 8.5%, respectively. The segment also benefited from an increase in borrower protection insurance, in particular as GACM began providing this insurance to Cofidis customers as of 1 January 2011.

- The Group also recorded insurance revenues from a legacy insurance company owned by the Local Banks, which no longer writes new insurance policies.

The insurance businesses of GACM paid a total of €1,014 million in distribution commissions in 2011, an increase of 23% compared to €825 million in distribution commissions in 2010. The increase reflected mainly commissions paid to Cofidis relating to borrower protection insurance that was first offered in 2011. The large majority of these commissions were paid to Crédit Mutuel or CIC banks in the retail banking segment, demonstrating the Group's orientation towards retail banking and the use of the Group's insurance products as support of its retail banking networks.

Given the absence of major weather-related events, total claims and benefits paid and provisions were €6,286 million in 2011, an increase of 15.3% compared to €5,454 million in 2010. The segment's results were impacted in 2010 by major weather events (Xynthia windstorm, flooding in the Var region of France, hailstorms), which resulted in high real estate and casualty losses.

Investment income declined significantly in 2011 as a result of an increase in the proportion of the Group's assets invested in highly rated fixed income instruments and a decline in stock market values. See "Business – Insurance – Investments" for a description of the Group's insurance investments at the end of 2011.

As a result of the foregoing, net banking income from the insurance segment was €967 million in 2011, representing a decline of 19.3% compared to 2010. Operating expenses decreased slightly to €351 million in 2011 from €367 million for 2010, reflecting the impact of the transfer of two affiliates in the insurance segment to Euro Protection Surveillance, as discussed below.

The cost of risk of the insurance segment in 2011 (€44 million) related entirely to impairment charges on Greek sovereign debt. GACM recorded approximately €80 million of capital gains from the sale of two affiliates, ICM Ré and EP Services (the latter was sold to Euro Protection Surveillance, an affiliate of BFCM in the logistics and holdings segment).

Income tax charges increased in 2011 despite the decline in operating income, as a result of the absence in 2011 of a €120 million one-time tax benefit recorded in 2010, as described under "—Year ended 31 December 2010 (CM5-CIC) compared to year ended 31 December 2009 (CM5-CIC)."

Net income from the insurance segment totaled €421 million in 2011, down 38.5% compared to €684 million for 2010, reflecting the decrease in premium income from life insurance savings contracts, the cost of risk related to Greece and the absence of the one-time 2010 tax benefit.

Financing and Market

In the year ended 31 December 2011, 8.0% of the Group's net banking income came from the financing and markets segment. The following table sets forth information relating to the results of operations of the financing and markets segment in 2010 and 2011.

(in millions of euros)	2010	2011	Change (2011/2010)
Net banking income	1,074	886	- 17.50%
Operating expenses	(262)	(256)	- 2.29%
Gross operating income	812	629	- 22.54%
Cost of risk	(32)	(148)	x4.6
Net gain (loss) on disposal of other assets	0	0	NS
Net income before tax	780	481	- 38.33%
Income tax	(190)	(181)	- 4.74%
Net income	590	300	- 49.15%

The Group's financing activities were very active during the first seven months of 2011 and were focused on medium and long term financings, in particular due to demand from life insurers for long term investments. Starting in August 2011, the Group's financing activities decreased significantly, with the intensification of the sovereign debt crisis. The brutal decrease in the availability of short-term U.S. dollars from U.S. money market funds did not, however, have a significant impact on the Group, given its low reliance on U.S. dollar funding. The Group's proprietary trading activities were affected by the sovereign debt crisis, as, given the high volatility and uncertainty in the second half of the year, the Group's positions were managed with prudence and were generally reduced, with the result that although results decreased compared to 2010, the decrease remained moderate.

Financing

Net banking income from financing activities increased from €456 million in 2010 to €485 million in 2011, or 6.4%. The increase reflected the particularities of the economic context in 2011. The liquidity of the interbank market was tight, due to the restrictive actions of the major actors, lack of access to the US dollar market and the weight of the regulations to be implemented in 2015/2018 regarding new liquidity and capital adequacy ratios of Basel III.

The large majority of the financing activity of the Group is concentrated in the CIC group. In 2011, in a difficult economic context, CIC's net production of loans and commitments to large corporate and institutional investors weakened. CIC's commitments (excluding guarantees received) decreased €1.1 billion, from €22.1 billion at 31 December 2010 to 21.0 billion at 31 December 2011: on balance sheet loans decreased from €5.7 billion to €5.2 billion (representing a decrease of 8.3%), off-balance sheet financing (the undrawn portion of committed lines) decreased from €10.4 billion to €9.3 billion; off-balance sheet guarantees (sureties) increased 7.3% to almost €6.5 billion. Deposits increased to €6.7 billion, including €5.8 billion in the form of term deposits and €1 billion of demand deposits. There are also €3.9 billion of certificates of deposit. In the specialized financing business, activity was concentrated in the first three quarters as the fourth quarter was affected by the difficult market context. In the acquisition financing business, activity was strong, and despite an increase in the cost of liquidity, new transactions were realized at favorable profitability/risk levels. In the asset financing business, activity was good in the traditional sectors despite the difficult economic environment. Margins on the best-ranked counterparties decreased in the latter part of the year, in particular due to competition among banks with access to the US dollar. New York and Singapore continued their development, with their activity representing a significant part of global activity.

Gross operating income increased from €376 million in 2010 to €401 million in 2011. The cost-toincome ratio improved from 17.5% in 2010 to 17.1% in 2011. The results reflect the improvement in CIC's conditions for new transactions, both in terms of margin and commissions. Total commissions increased at CIC even as commitments outstanding decreased.

The cost of risk remained relatively stable at €32 million in 2011, compared to €35 million in 2010. The stability in the cost of risk reflected the quality of the loan portfolio and the fine-tuning of the rating tool used for decision making, as discussed further under "—Analysis of Cost of Risk and Doubtful Loans".

Income taxes increased significantly, from €105 million in 2010 to €130 million in 2011, due to the increase in operating income and a slight increase in the effective tax rate.

As a result of the foregoing, net income from financing increased only slight to €239 million, compared to €236 million in 2010.

Market activities

Net banking income from market activities totaled €401 million in 2011, compared to €618 million in 2010. Market activities were affected by the Euro zone debt crisis, which resulted in a drop in the stock market and wider bond spreads, impacting the results of proprietary activities.

Gross operating income was €228 million in 2011, representing a decline of 47.7% compared to gross operating income of €436 million in 2010. The change in gross operating income essentially reflected the decline in net banking income and the slight decline in operating expenses to €173 million, compared to €182 million in 2010.

The cost of risk from market activities represented a cost of €116 million in 2011, compared to a net reversal of €4 million in 2010. The 2011 figure reflected market volatility and €104 million of impairment charges on Greek sovereign debt obligations.

As a result, net income before tax from market activities decreased significantly to €112 million in 2011, compared to €440 million in 2010. Total losses on Greek debt obligations in this activity were €154 million before income tax impact. After tax, net income was €61 million in 2011 compared to €355 million in 2010.

Private Banking

In 2011, 3.9% of the Group's net banking income came from the private banking segment. The following table sets forth information relating to the results of operations of the private banking segment in 2010 and 2011.

(in millions of euros)	2010	2011	Change (2011/2010)
Net banking income	404	431	6.7%
Operating expenses	(320)	(317)	- 0.9%
Gross operating income	84	115	36.9%
Cost of risk	(15)	(43)	186.7%
Net gain (loss) on disposal of other assets	1	13	NS
Net income before tax	71	85	19.72%
Income tax	(8)	(18)	125.0%
Net income	62	68	9.7%

Net banking income from private banking totaled €431 million in 2011, up 6.7% compared to €404 million in 2010, reflecting strong results at Banque Transatlantique, which reached a record amount of savings managed at 31 December 2011. Dubly-Douilhet's products showed a good resistance to the crisis, with the remuneration of cash and cash equivalents improving compared to 2010. CIC Suisse continued to grow with a new branch in Sion opened in 2011, and Banque de Luxembourg was able to stabilize its activities and results, despite the crisis. CIC Private Banking - Banque Pasche, CIC Singapore Branch and CICIS Limited Hong Kong had more difficult years, despite the level of assets managed remaining stable.

The following table provides information regarding the level of activity of the private banking segment in 2010 and 2011.

(in billions of euros)	2010	2011	Change (2011/2010)
Deposits	13.6	14.6	7.4%
Loans	5.6	7.1	26.8%
Savings managed	74.5	66.1	- 11.3%

Operating expenses decreased slightly to €317 million in 2011, compared to €320 million in 2010, due to savings resulting from the merger of GPK Finance and Transatlantique Gestion, two Private Banking subsidiaries of the Group.

Given the increase in net banking income and the slight increase in operating expenses, gross operating income increased 36.9%, from €84 million in 2010 to €115 million in 2011.

The cost of risk increased from €15 million for 2010 to €43 million in 2011, due to the impact of the depreciation of Greek bonds (which totaled €44.6 million for the segment).

As a result of the above factors, net income from private banking increased to €68 million for 2011, compared to €62 million for 2010.

Private Equity

In 2011, 0.8% of the Group's net banking income came from the private equity segment. The following table sets forth information relating to the results of operations of the private equity segment in 2010 and 2011.

(in millions of euros)	2010	2011	Change (2011/2010)
Net banking income	191	93	- 51.3%
Operating expenses	(35)	(34)	- 2.9%
Gross operating income	155	59	- 61.9%
Cost of risk	0	0	NS
Net gain (loss) on disposal of other assets	0	0	NS
Income tax	(3)	(2)	- 33.3%
Net income	153	57	- 62.7%

After a rebound in 2010, the private equity segment experienced a difficult year in 2011, with net banking income of €93 million, compared to €191 million in 2010. The decrease reflects the difficult market environment. While activity, both in terms of investment activity and financial engineering activities, in the first half of the year was strong, the second half was much more difficult, and the segment decided to readapt its investment strategy to the deteriorated economic conditions and to increase disposals of listed securities.

The segment recorded €319 million of sales of investments in 2011, representing capital gains of €122 million (including reversals of provisions on sales). The main divestments included Unither Pharmaceuticals, Biomérieux, Gores Broadband/Sagem Com, Akka Technologies, Kwik-Fit, Financière Courtepaille, Comhem, Babeau-Seguin, Vanalliance and Normandy Développement. At 31 December 2011, the segment's portfolio of assets held by the Group represented €1.8 billion, composed of 575 different investments in the capital of companies and a few investment funds, and including €78 million in innovation-based companies. This portfolio generated €42.6 million of dividends and interest in 2011, representing an increase of 14% compared to 2010. The segment's main investments involved NGE/TSO (€60 million), Altrad (€30 million), FIBI/Aplix (€28 million) and Piper Heidsieck (€23 million).

The following table provides a breakdown of investments and amounts managed by the segment at 31 December 2011 and 2010.

	31 December	
(in millions of euros)	2010	2011
Total investments by the Group made in the year	236	373
Cumulative amount invested by the Group	1,436	1,668
Value of Group portfolio, excluding amounts managed for third parties	1,629	1,784
Amounts managed for third parties [1]	723	725

1. Including investment commitments

Operating expenses remained stable in 2011 compared to 2010, and net income from private equity totaled €57 million in 2011, compared to €153 million in 2010, as a result of the above factors.

Logistics and Holdings

(in millions of euros)	2010	2011
Net banking income	103	27
Operating expenses	(963)	(1,057)
Gross operating income	(860)	(1,030)
Cost of risk	(105)	(342)
Gains or losses on other assets	(32)	(31)
Net income before tax	(997)	(1,402)
Income tax	261	408
Net income	(737)	(994)

The logistics and holding segment generated net banking income of €27 million in 2011, compared to net banking income of €103 million in 2010. These figures reflect the following for the two principal components of this segment:

- The "logistics and other" business of the Group produced net banking income of €289 million in 2011, compared to €224 million in 2010, an increase of 29.0%. This reflects primarily the gross margin of the press and media affiliates Groupe Est Républicain/DNA, Group EBRA, Groupe Républicain Lorrain and Groupe L'Alsace, as well as increased revenues from NRJ Mobile and the addition of Euro Protection Surveillance to the scope of consolidation in this segment.
- The "holding company" activities of the Group generated negative net banking income of €262 million in 2011, compared to €121 million in 2010. The 2011 figure includes the cost of providing working capital to certain banking entities in other segments (€(258) million), the cost of acquisition financing of TARGOBANK Germany (€(281)million), the amortization of purchase accounting entries relating to TARGOBANK Germany and Cofidis (€176 million), impairment charges relating to listed equity securities held by the Group (€(221) million), start-up costs relating to Crédit Mutuel Local Banks and CIC branches (€(117) million), offset in part by revenues from Euro Information's information technology services provided to Group entities, and by dividends received on equity investments (€48 million).

Operating expenses increased by 9.8%, from €963 million in 2010 of €1,057 million in 2011.

The cost of risk in this segment was €342 million, including a portion of the cost of risk related to the Greek bonds (€261 million), offset in part by recoveries on impaired assets of TARGOBANK Germany held at the time of acquisition. Provisions for bad debts of NRJ Mobile customers are also included in this segment, although the amount is not material for the Group. Cost of risk in this segment in 2010 was €105 million.

As a result of the foregoing, net loss of the logistics and holding segment was €994 million in 2011, compared to €737 million in 2010.

Analysis of Cost of Risk and Doubtful Loans

The cost of risk increased to €1,456 million in 2011, an increase of 11.6% compared to the 2010 figure of €1,305 million, due to impairment charges in relation to Greek sovereign debt (which represented 31% of the total cost of risk). Excluding the impact of the Greek impairment charges, the cost of risk for 2011 represented 0.37% of outstanding loans to customers at year end (for the CM10-CIC Group), compared to 0.54% for 2010 (for the CM5-CIC Group).

The Group's cost of risk from ordinary activities (excluding the impact of significant external events such as the Greek crisis) is relatively limited as a result of the nature of its retail banking oriented business model, and its conservative approach to risk taking and strong risk management and monitoring.

The following table shows the cost of risk as a percentage of loans to customers in 2010 and 2011.

Cost of Risk (% of loans to customers)	2010	2011
Retail banking (excluding TARGOBANK Germany, Cofidis)		
Individuals	- 0.11%	- 0.07%
Home loans	- 0.10%	- 0.04%
Retailers and artisans	- 0.41%	- 0.24%
Small and medium-sized enterprises	- 0.38%	- 0.32%
Total Retail Banking (excluding TARGOBANK Germany, Cofidis)	**- 0.18%**	**- 0.12%**
Financing and market (large corporate)	**- 0.22%**	**- 0.14%**
Private Banking	**- 0.26%**	**- 0.09%**
TARGOBANK Germany	**- 3.02%**	**- 1.92%**
Cofidis	**- 5.53%**	**- 4.48%**
Total all customers	**- 0.54%**	**- 0.37%**

In 2011, the Group also saw a decrease in the proportion of doubtful loans in its overall portfolio, and increased its coverage of doubtful loans with provisions. The following table provides information on the Group's doubtful loans and provisions for possible loan losses in 2010 and 2011 (certain figures in the table do not add due to rounding):

(in billions of euros)	2010	2011
Gross customer loans outstanding	236.6	271.5
Non-performing loans	10.9	11.3
Loans loss reserves	7.2	7.5
Of which specific reserves	*6.8*	*7.0*
Of which reserves for country, sector and other general risks	*0.4*	*0.5*
Doubtful loan ratio (doubtful loans / gross customer loans)	4.6%	4.2%
Coverage ratio of provisions to doubtful loans	66.3%	66.7%

See "Risk Management" for additional information relating to the Group's portfolio of loans and offbalance sheet risks, provisions and doubtful exposures.

BFCM Group Results of Operations

The results of operations of the BFCM Group in 2011 were driven by the same factors that influenced the results of operations of the CM10-CIC Group, including the difficult economic context. The following table sets forth key figures for the BFCM Group in 2010 and 2011.

(in millions of euros)	2010	2011	Change (2011/2010)	Change on a Comparable Basis
Net banking income	**8,481**	**7,753**	**- 8.6%**	**- 10.4%**
Operating expenses and Depreciation, amortization and provisions for non-current assets	(4,911)	(4,935)	0.5%	- 1.8%
Gross operating income	**3,570**	**2,818**	**- 21.1%**	**- 22.3%**
Cost of risk	(1,214)	(1,336)	10.0%	8.6%
Operating income	**2,356**	**1,482**	**- 37.1%**	**- 38.2%**
Share of income/(loss) of affiliates	35	15	- 57.1%	na
Gains or losses on other assets	8	102	na	na
Change in value of goodwill	(45)	(9)	- 80.0%	na
Net income before tax	2,355	1,590	- 32.5%	- 33.6%
Income tax	(604)	(541)	- 10.4%	- 11.7%
Net income	**1,751**	**1,050**	**- 40.0%**	**- 41.1%**
Net income attributable to minority interests	346	233	- 32.7%	na
Net income – Group share	**1,405**	**817**	**- 41.9%**	**na**

Net Banking Income

BFCM Group net banking income decreased from €8,481 million in 2010 to €7,753 million in 2011, representing a decrease of 8.6%, or 10.4% on a comparable basis. The key components of the change in net banking income of the BFCM Group from 2010 to 2011 included the following:

- A 9.5% decrease in net interest income, from €4,833 million in 2010 to €4,376 million in 2011, reflecting tightening margins in all businesses and lower outstanding loans in the consumer finance and corporate finance activities;
- An 10.5% decrease in net commission income, from €2,225 million in 2010 to €1,992 million in 2011, reflecting primarily a €211 million decrease in commissions from services, resulting mainly from a decrease in commissions received by Cofidis on borrower protection insurance provided by outside insurers before 2011;
- A decrease in the gain on financial instruments at fair value, from €77 million in 2010 to €24 million in 2011, reflecting impairment of Greek sovereign bonds in 2011, as well as fair value adjustments for swaps written by BFCM in favor of the Local Banks, which are eliminated in the consolidated financial statements of the Group, but not in those of the BFCM Group;
- A loss on sales of financial instruments available for sale of €86 million in 2011 (reflecting impairment charges relating to the Group's interest in Banco Popolare de

Milano as well as Greek sovereign debt), compared to a gain of €123 million in 2010; and

- A 21.3% increase in other net banking income (net of other net banking charges), from €1,192 million in 2010 to €1,446 million in 2011, reflecting the same factors that impacted the Group's other net banking income.

Retail banking represented the largest activity in the BFCM Group, while insurance and financing/markets represented the next highest proportions. The following table presents a breakdown of net banking income by business segment. See "—Results of Operations by Segment" for an analysis of net banking income and other income statement items by business segment of the Group.

(in millions of euros)	**2010**	**2011**	**Change (2011/2010)**
Retail banking	6,293	6,214	- 1.3%
Insurance	1,114	875	- 21.5%
Financing and market activities	1,074	886	- 17.5%
Private banking	404	431	6.7%
Private equity	191	93	- 51.3%
Logistics and holding	(536)	(692)	- 29.1%
Inter-segment	(59)	(55)	6.8%
Total	**8,481**	**7,753**	**- 8.6%**

Net banking income of the BFCM Group from retail banking decreased by 1.3% compared to 2010.

Net banking income from the other segments of the BFCM Group was generally similar to that of the analogous segments in the CM10-CIC Group, analyzed above, with the exception of the logistics and holding segment (for the reasons described under "—Presentation of Information in this Section").

France represented approximately 72.2% of net banking income of the BFCM Group in 2010 and 72.7% in 2011. The following table provides a breakdown of the Group's net banking income by region in 2010 and 2011.

(in millions of euros)	**2010**	**2011**	**Change (2011/2010)**
France	6,126	5,643	- 7.9%
Europe excluding France	2,011	1,861	- 7.5%
Other countries	343	249	- 27.4%
Total	**8,481**	**7,753**	**- 8.6%**

Gross operating income

Gross operating income of the BFCM Group decreased by 21.1%, to €2,818 million in 2011 from €3,570 million in 2010. Operating expenses, depreciation, and amortization were relatively stable at €4,935 million in 2011, compared to €4,911 million in 2010, but declined on a comparable basis. The BFCM Group's cost-to-income ratio increased to 63.7% in 2011 from 57.9% in 2010.

Retail banking gross operating income was €2,535 million in 2011, a 2.6% decrease compared to €2,602 million of gross operating income recorded in 2010. The cost-to-income ratio of the retail banking segment deteriorated from 58.7% in 2010 to 59.2% in 2011, reflecting the same trends as are discussed above for the retail banking segment of the CM10-CIC Group, without the impact of the new federations.

Cost of Risk

Cost of risk of the BFCM Group increased by 10.0%, from €1,214 million in 2010 to €1,336 million in 2011. The change on a comparable basis was 8.6%. As for the CM10-CIC Group, the reason for the increase was the impairment charges recorded in respect of Greek sovereign debt. Excluding the impact of the Greek impairment charges, cost of risk of the BFCM Group in 2011 represented approximately 0.52% of outstanding loans to customers, compared to 0.72% in 2010. The reasons for the improvement are largely the same as those described above for the CM10-CIC Group.

Operating income

Operating income of the BFCM Group was €1,482 million in 2011, representing a decrease of 37.1% compared to €2,356 million in 2010. This decrease reflected the decrease in gross operating income and increase in the cost of risk, each as described above.

Net income

Net income, group share, of the BFCM Group was €817 million in 2011, a decrease of 41.9% compared to €1,405 million in 2010. The decrease was greater than that of operating income in percentage terms, primarily because the BFCM Group's effective tax rate was unusually low in 2010 as a result of the favorable tax benefit relating to the insurance activity, as described above.

Transactions with CM10-CIC Group Entities

The BFCM Group recorded €868 million of gross operating income in 2011 from transactions with entities in the CM10-CIC Group that are not part of the BFCM Group (primarily the Local Banks and CF de CM, as well as the non-consolidated portion of TARGOBANK Spain and Banque Casino). In 2010, gross operating income earned on transactions with entities in the CM5-CIC Group was €787 million. The 10.2% increase resulted mainly from the expansion of the Group by five federations.

Net interest income from these transactions was €1,008 million in 2011 and €1,017 million in 2010. The decline in net interest income reflects the fact that BFCM increasingly made loans to CF de CM with a tenor equivalent or close to that of BFCM's own financing, and thus realized lower net interest income from maturity transformation. In addition, the share of loans funded with deposits increased significantly over the course of 2010 and 2011, reducing the need of the CF de CM to obtain financing from BFCM despite the addition of new federations. As of the end of 2011, there were €47.8 billion of loans outstanding to the entities in the CM10 Group that are outside the BFCM Group, compared to €43.1 billion to the CM5 Group as of the end of 2010.

Net commissions paid were €216 million in 2011, and €211 million in 2010, reflecting mainly commissions paid by CM-CIC Asset Management to the Local Banks for distribution of mutual fund products, as well as bank card commissions ceded by BFCM Group entities (mainly BECM) to the CF de CM.

Other net banking income from these entities was €112 million in 2011, compared to €8 million in 2010, representing primarily income on hedging instruments written in favor of the CF de CM by BFCM and, to a lesser degree, by CIC.

YEAR ENDED 31 DECEMBER 2010 (CM5-CIC) AS COMPARED WITH THE YEAR ENDED 31 DECEMBER 2009 (CM5-CIC)

French, European and Global Economic Environment

Growth in the Euro zone struggled to reach 1.7% in 2010. In that gloomy European landscape, Germany alone stood apart. Its economy took full advantage of the bounce back in global trade, with 3.7% growth in GDP. After ten years of drastic structural reforms, which were solely focused on improving economic competitiveness, the efforts of Germany came to fruition, bringing unemployment down to its lowest level since reunification, below the symbolic level of three million unemployed.

At the same time, the emerging countries experienced overall GDP growth of 7.1% in 2010, led by the trio made up of China, India and Brazil. As an additional sign of the shift in the economic centre of gravity, in the summer of 2010, China became the second largest economy in the world, overtaking Japan. With immense domestic markets that are gradually replacing international demand, emerging markets have reduced their dependency on the formerly dominant economic powers.

France faced significant social tensions in 2010, on the backdrop of pension reform and an unemployment rate close to 10%. With a public debt of close to €1,600 billion (or 83% of GDP) and a budget deficit of 7.7%, France was reduced to defending its creditworthiness in the eyes of the markets. Unable to significantly reduce the burden of public expenditure, the French state decided to increase statutory contributions by reducing tax exemptions.

In spite of the economic context, the French housing market was structurally sound. French housing prices increased by an average of 1.5% at the end of 2010 compared to the end of 2009, or an increase of 5.3% compared to the low point at the end of the first quarter of 2009, in each case according to the *Conseil Général de l'Environnement et du Développement Durable* (CGEDD). This followed an average decrease of 8% in 2008 and 2009 taken together, which was significant but less so than in other European markets. Sales volumes (in terms of numbers of transactions) increased in 2010 by 25% compared to 2009, with more than 700,000 transactions recorded in 2010.

Group Scope of Consolidation

In 2010, the principal changes to the Group's scope of consolidation that affected the consolidated financial statements were the following:

- The Group established a partnership with Banco Popular Hipotecario to operate 124 retail banking branches in Spain. The jointly owned entity, which is currently named TARGOBANK Spain, has been accounted for under the proportional consolidation method based on the Group's 50% ownership interest, beginning as of November 2010.
- The Group increased its interest in Banque Marocaine du Commerce Extérieur (BMCE) to 25%. BMCE is an associate and has been accounted for under the equity method since October 2010.
- The results of operations of Cofidis were included in the consolidated income statement for a full year in 2010, compared to only eight months in 2009. The results of operations of the Cofidis entities are fully consolidated in the Group's financial statements based on the Group's exclusive control rights. Through the end of 2010, the Group held a 33% economic interest in these entities, which was increased to 42% as of the beginning of 2011. The remainder is recorded as a minority interest.

For purposes of determining changes in income statement items on a "comparable basis" in this section, the results of operations of each of the entities that entered the scope of consolidation for the first time in 2010 are eliminated from figures for both 2009 and 2010. The results of operations of entities that entered the scope of consolidation for the first time in 2009 are eliminated for the period of 2010 that corresponds to the period in 2009 during which these entities were not consolidated.

Group Activity Overview

Activity levels in 2010 were strong, driven by the Group's dynamic commercial efforts as well as growth in the home lending business reflecting the market context described above. In 2010, the CM5-CIC Group attracted new clients, increased the total number of branches and recorded growth in loans and deposits. In particular:

- The number of clients of the CM5-CIC Group increased by approximately 285,000 in 2010, and stood at approximately 21.5 million at year-end.
- 21 new branches were opened in 2010, bringing the total to more than 4,000 at the end of the year.
- Customer loans increased by 5.2%, from €218.0 million at 31 December 2009 to €229.3 million at 31 December 2010. The 2010 year-end figure included €115.3 billion in home loans, representing an increase of 7.7% compared to the prior year, in a French residential real-estate market that remained sound in 2010.
- Customer deposits increased by 11.5% in 2010, more than twice the rate of growth in loans. Customer deposits (excluding SFEF deposits) were €138.6 million at the end of 2009 and €154.5 million at the end of 2010. Total customer savings (customer deposits plus managed savings such as mutual funds, life insurance and custody assets) increased from €400.4 billion at the end of 2009 to €430.4 billion at the end of 2010.

Group Results of Operations

The CM5-CIC Group's results of operations in 2010 reflected its solid commercial performance as well as the favorable impact of improved economic conditions following the difficult environment in 2009. In 2010, the Group recorded increased net banking income, a lower cost-to-income ratio, a sharp decrease in cost of risk, and, as a result of the foregoing, a significant increase in net income.

The following table sets forth key figures for the Group in 2009 and 2010.

(in millions of euros)	**2009**	**2010**	**Change (2010/2009)**	**Change on a Comparable Basis**
Net banking income	**10,122**	**10,889**	**7.6%**	**3.5%**
Operating expenses and Depreciation, amortization and provisions for non-current assets	(5,948)	(6,356)	6.6%	2.5%
Gross operating income	**4,174**	**4,533**	**8.6%**	**4.9%**
Cost of risk	(1,987)	(1,305)	- 34.3%	- 38.2%
Operating income	**2,187**	**3,228**	**47.6%**	
Share of income/(loss) of affiliates	31	26	- 16.1%	
Gains or losses on other assets	9	16	77.8%	
Change in value of goodwill	(124)	(45)	- 63.7%	
Net income before tax	2,103	3,225	53,4%	
Income tax	(668)	(884)	32.3%	
Net income	**1,435**	**2,341**	**63.1%**	**60.4%**
Net income attributable to minority interests	241	380	57.7%	
Net income – Group share	**1,194**	**1,961**	**64.2%**	**62.6%**

Net Banking Income

Net banking income of the CM5-CIC Group totaled €10,889 million in 2010, up 7.6% (3.5% on a comparable basis) compared to 2009. The key drivers of the increase in net banking income from 2009 to 2010 included the following:

- An increase of 8.8% in net interest income, from €5,687 million in 2009 to €6,190 million in 2010, driven by increased loan production in both the Crédit Mutuel and CIC networks, more favorable margins in the market generally and at TARGOBANK Germany in particular, and the impact of the full year consolidation of Cofidis, which is concentrated in consumer finance activities that generate higher margins than other lending activities.
- Increased net commission income, which grew from €2,563 million in 2009 to €2,759 million in 2010, representing growth of 7.6%. The increase in commission income was driven by the Group's strong service offering, sales of insurance contracts and technology-related offerings (such as mobile phone services).
- A reduction in net gains from financial instruments recorded at fair value through profit and loss, from €444 million in 2009 to €75 million in 2010, reflecting primarily fair value adjustments in the market activities segment and changes in the value of the private equity portfolio, which rebounded in 2009 after significant write-downs recorded at the peak of the financial crisis in 2008. This was partially offset by gains on the sale of government securities held in the available for sale portfolio, compared to a loss on such sales in 2010.
- An increase of 20.6% in net banking income from other activities, from €1,441 million in 2009 to €1,738 million in 2010, reflecting primarily an increase in net banking income from insurance.

Retail banking and insurance together represented approximately 85% of net banking income in both 2009 and 2010. Both segments grew strongly in 2010. The Group also recorded growth in net banking income from private equity and, to a lesser extent, private banking, offset by a reduction in net banking income from financing and market activities, which were more client-driven than was the case in 2009. The following table presents a breakdown of net banking income by business segment. See "—Results of Operations of Business Segments" for an analysis of net banking income and other income statement items by business segment.

(in millions of euros)	**2009**	**2010**	**Change (2010/2009)**
Retail banking	7,661	8,401	9.6%
Insurance	956	1,198	25.3%
Financing and market activities	1,532	1,074	- 30.0%
Private banking	397	404	1.7%
Private equity	49	191	x2.9
Logistics and holding	(104)	103	NS
Inter-segment	(369)	(482)	NS
Total	**10,122**	**10,889**	**7.6%**

The geographical breakdown of the Group's net banking income reflects its focus on local banking and insurance in its home market of France, which represented approximately 78.4% of 2010 net banking income, a slightly greater share than in 2009. The following table provides a breakdown of the Group's net banking income by region in 2009 and 2010.

(in millions of euros)	**2009**	**2010**	**Change (2009/2010)**
France	7,882	8,534	8.3%
Europe excluding France	1,926	2,011	4.4%
Other countries	314	343	9.2%
Total	**10,122**	**10,889**	**7.6%**

Gross operating income

Gross operating income was €4,533 million in 2010, an increase of 8.6% compared to 2009, when the Group recorded gross operating income of €4,174 million. On a comparable basis, the 2010 figure represented an increase of 4.9% compared to 2010.

The cost-to-income ratio improved from 58.8% in 2009 to 58.4% in 2010, despite reduced activity in the financing and market segment, which typically has a significantly lower cost-to-income ratio. The improvement reflected efforts to seek synergies and industrialize processes in the retail banking and insurance segments.

Operating expenses and depreciation, amortization and provisions for non-current assets totaled €6,356 million in 2010, up 6.9%, or 2.5% on a comparable basis, compared to 2009, reflecting the following:

- Payroll costs increased by 10.0%, from €3,278 million in 2009 to €3,606 million in 2010, reflecting primarily an increase in the average number of employees from 50,594 in 2009 to 53,180 in 2010. Average employee numbers outside France increased by 8.8%, while growth in France was 5.0%. The increase in payroll costs also reflected the impact of changes in the scope of consolidation, as well as the decrease in the discount rate used to evaluate retirement benefit obligations.
- Other operating expenses (including depreciation and amortization) increased from €2,670 million in 2009 to €2,750 million in 2010, an increase of 2.9%. External services account for the largest share of these expenses, and were €1,832 million in 2009 and €1,940 million in 2010, an increase of 5.8%. The increase reflected primarily expenses of newly consolidated press and media entities, as well as integration expenses related to TARGOBANK Germany.

Cost of Risk

The Group's cost of risk decreased significantly in 2010, reflecting lower levels of provisions recorded in respect of consumer loans at TARGOBANK Germany and Cofidis, as well as loans to artisans, small and medium-sized business customers and corporate customers. Cost of risk of €1,305 million in 2010 represented a decrease of 34% compared to the 2009 figure of €1,987 million. See "—Analysis of Cost of Risk and Doubtful Loans" for more detail.

Operating income

Operating income was €3,228 million in 2010, representing an increase of 47.6% compared to the 2009 figure of €2,187 million. The growth in operating income was primarily the result of the substantial decrease in cost of risk, and to a lesser extent to the increase in gross operating income, each as described above.

Other income statement items

Share of income/(loss) of associates. The Group's share of income of associates (i.e., companies carried under the equity method) decreased from €31 million in 2009 to €26 million in 2010. The decrease reflected primarily a drop in the net income of associates in Morocco (RMA Watanya) and Italy (Banca Popolare di Milano), as well as RACC Seguros, partially offset by income from Banque Marocaine du Commerce Exterieure, which was equity-accounted for the first time beginning in October 2010 following an increase in the Group's interest to 25%.

Change in value of goodwill. Goodwill impairment charges were significantly lower in 2010, when a total of €45 million of impairment charges were recorded, compared to €124 million in 2009. The 2009 figure included primarily goodwill impairment recorded in respect of affiliates in the press and media business.

Income tax. The Group recorded corporate income tax expense for 2010 of €884 million, up from €668 million in 2009. The increase resulted mainly from the increase in pre-tax net income, which in turn reflected the increase in operating income described above. This impact was partially offset by a €120 million one-time tax benefit recorded in the insurance segment, as described below. As a result, the effective tax rate declined from 32.25% in 2009 (close to the French corporate tax rate), to 27.63% in 2010.

Net income

Net income, group share, was €2,341 million in 2010, an increase of 64.2% compared to €1,435 million in 2009. The increase on a comparable basis was 62.6%. The improvement resulted from the factors described above, primarily the substantially lower cost of risk, the increase in gross operating income, the lower goodwill impairment charge, and the lower effective tax rate. This was partially offset by an increase in the share of earnings attributable to minority interests in companies consolidated by the Group, to €380 million in 2010 compared to €241 million in 2009, reflecting primarily the full consolidation of Cofidis.

Results of Operations by Segment

Retail Banking

Retail banking is by far the Group's largest segment. In the year ended 31 December 2010, 77.2% of the Group's net banking income came from the retail banking segment. The following table sets forth information relating to the results of operations of the retail banking segment in 2009 and 2010.

(in millions of euros)	2009	2010	Change (2010/2009)
Net banking income	7,661	8,401	9.6%
Operating expenses	(4,681)	(4,890)	4.5%
Gross operating income	2,980	3,511	17.9%
Cost of risk	(1,538)	(1,154)	- 25.0%
Net gain (loss) on disposal of other assets	22	30	36.4%
Net income before tax	1,464	2,388	63.1%
Income tax	(497)	(800)	61.0%
Net income	967	1,588	64.2%

Retail banking activity was strong in 2010 from a commercial perspective. Customer deposits increased from €117.7 million as of 31 December 2009 to €130.8 million as of 31 December 2010, representing an increase of 11.1%. Customer loans grew from €194.7 million at the end of 2009 to €206.2 million at the end of 2010, an increase of 5.9% that reflected strong commercial production of new home loans in the Crédit Mutuel network, offset by more prudent risk policies resulting in reduced production in the consumer finance activities of TARGOBANK Germany and Cofidis.

In 2010, net banking income from retail banking was €8,401 million, up 9.6% compared to 2009. The increase was driven primarily by the following:

- Substantial growth in net banking income of the Crédit Mutuel and CIC networks, reflecting a significantly higher level of commercial activity, as both networks registered much higher levels of deposits and new loan production in 2010 compared to 2009. Customer deposits (excluding SFEF) increased 11.5% to €154.5 billion as of 31 December 2010, while customer loans increased 5.2% to €229.3 billion at the end of 2010. Margin levels also improved.
- Stable net banking income at TARGOBANK Germany, reflecting the Group's more prudent approach to risk. TARGOBANK's activity, which involves mainly short-term credit, benefitted from sharply lower short-term borrowing costs, allowing improved margins to offset the impact of the more restrained credit policy.
- An increase in Cofidis net banking income on a comparable basis, as well as an increase resulting from the fact that it was consolidated over a full year for the first time. Margins were lower as the Group moved away from higher margin, but riskier, financing.

Gross operating income of the retail banking segment increased from €2,980 million in 2009 to €3,511 million in 2010, an increase of 17.9%. Operating expenses increased to €4,890 million in 2010, up 4.5% compared to 2009. The cost-to-income ratio of the retail banking segment improved by almost 3 points compared to 2009, from 61.1% for 2009 to 58.2% for 2010. The improvement was realized mainly in the French Crédit Mutuel and CIC networks, which recorded essentially flat operating expenses in 2009 and 2010. This was partially offset by an increase in costs at TARGOBANK Germany and, to a lesser extent, Cofidis, as these entities were integrated into the Group.

The cost of risk also decreased significantly (down 25.0%, or 30.6% on a comparable basis), reflecting the Group's strategy of taking a conservative and prudent approach to risk and focusing on customers with a reduced risk profile. The Group has been able to reduce the cost of risk of TARGOBANK Germany and Cofidis, whose consumer finance activities entail a higher cost of risk than the retail lending activities of the Crédit Mutuel and CIC networks, through closer monitoring of those activities and more stringent loan requirements.

As a result of the above factors, net income from retail banking totaled €1,588 million for 2010, up 64.2% compared to €967 million for 2009.

Insurance

In the year ended 31 December 2010, 10.5% of the Group's net banking income came from the insurance segment. The following table sets forth information relating to the results of operations of the insurance segment in 2009 and 2010, as presented in the Group's consolidated financial statements.

(in millions of euros)	Year Ended 31 December 2009	2010	Change (2010/2009)
Net banking income	956	1,198	25.3%
Operating expenses	(364)	(367)	0.8%
Gross operating income	593	831	40.1%
Cost of risk	0	0	–
Net gain (loss) on disposal of other assets	21	(3)	- 114.3%
Net income before tax	614	828	34.9%
Income tax	(165)	(144)	- 12.7%
Net income	448	684	52.7%

Total insurance contracts in the portfolio increased by 2.3% in 2010, as GACM held 21.9 million contracts at the end of the year, including 9.6 million for personal insurance, 9.5 million for property insurance and 2.8 million for life insurance.

Insurance premiums of the Group increased by 14.0%, from €8.2 billion in 2009 to €9.3 billion in 2010. This reflected the following:

- Sales of life insurance products increased significantly, driven mainly by the success of the *Plan Assurance Vie* product, which accounted for nearly 40% of new life insurance contracts. Life insurance premiums increased by 17.0%, from €6.1 billion in 2009 to €7.1 billion in 2010.
- Non-life insurance premiums showed renewed growth, increasing by 5.0% from €2.0 billion in 2009 to €2.1 billion in 2010, in particular in property insurance (with premiums up 3.1%) and personal injury insurance (with premiums up 6.5%).
- The Group also recorded insurance revenues from a legacy insurance company owned by the Local Banks, which no longer writes new insurance policies.

The insurance businesses of GACM paid a total of €825 million in distribution commissions in 2010, an increase of 10.2% compared to €748 million in 2009. The large majority of these commissions were paid to Crédit Mutuel or CIC banks in the retail banking segment.

Total claims and benefits paid and provisions were €9,936 million in 2010, an increase of 6.8% compared to €9,304 million in 2009. The non-life segment's results were impacted in 2010 by major weather events (Xynthia windstorm, flooding in the Var region of France, hailstorms), which resulted in high real estate and casualty losses. French pension reforms and reductions in the discount rate also negatively affected insurance underwriting income on personal insurance.

Operating expenses remained stable at €367 million for 2010 compared to €364 million for 2009.

Net income from the insurance segment totaled €684 million for 2010, up 52.7%, or €236 million, compared to €448 million for 2009. Approximately half of the increase in net income was due to the impact of a one-time tax benefit relating to the capitalization reserve, which allowed the Group to record non-recurring income of approximately €120 million. The capitalization reserve is a tax-deferred reserve created through the allocation of a portion of profits, which are taxed at only upon release and distribution. In 2010, insurance companies had the option of paying a 10% immediate "exit" tax, in lieu of future tax at the ordinary rate. The result for the Group was a reversal of part of the deferred tax expenses previously recorded in relation to this reserve.

Financing and Market

In the year ended 31 December 2010, 9.4% of the Group's net banking income came from the financing and markets segment. The following table sets forth information relating to the results of operations of the financing and markets segment in 2009 and 2010.

(in millions of euros)	2009	2010	Change (2010/2009)
Net banking income	1,532	1,074	- 29.9%
Operating expenses	(271)	(262)	- 3.3%
Gross operating income	1,262	812	- 35.7%
Cost of risk	(379)	(32)	- 91.6%
Net gain (loss) on disposal of other assets	0	0	–
Net income before tax	882	780	- 11.6%
Income tax	(273)	(190)	- 30.4%
Net income	610	590	- 3.3%

Financing

Net banking income from financing activities decreased from €461 million in 2009 to €456 million in 2010. The decrease reflected the economic and financial environment that was still impaired in 2010 and which did not favor borrowing.

The large majority of the financing activity of the Group is concentrated in the CIC group. CIC's outstanding loans and commitments to large corporate and institutional investors remained stable in 2010 at €22.3 billion, reflecting a decrease of 15.6% in on-balance sheet outstanding loans, a decrease of 7.6% in undrawn financing commitments, and a 3.1% increase in guarantees and sureties. In the specialized financing business, acquisition financing activity improved along with the economic situation as the year progressed, new asset finance business was good and evenly spread among New York, Singapore and Paris offices, and project financing business included 13 new projects in the electricity, infrastructure and telecoms sectors, mainly in Europe and the Middle East.

Gross operating income declined from €384 million in 2009 to €376 million in 2010, as operating expenses in this area increased modestly. The cost-to-income ratio increased from 16.7% in 2009 to 17.4% in 2010.

The cost of risk dropped from €158 million in 2009 to €35.3 million in 2010. The decrease in the cost of risk reflected the improvement in the quality of the loan portfolio and the fine-tuning of the rating tool used for decision making, as discussed further under "—Analysis of Cost of Risk and Doubtful Loans".

As a result of the foregoing, net income from financing activities increased to €236 million, up 56% compared to 2009.

Market activities

Net banking income from market activities totaled €618 million in 2010, compared to €1,072 million in 2009. The 2009 figure was particularly robust, reflecting a rebound following the difficult year recorded in 2008.

Gross operating income was €436 million in 2010, a decline of 50.3% compared to gross operating income of €878 million in 2009. The change in gross operating income essentially reflected the decline in net banking income. Operating expenses declined slightly to €182 million in 2010, compared to €194 million in 2009, due to lower variable compensation and reduced headcount in the proprietary trading area.

The cost of risk from market activities represented a net reversal of €4 million in 2010, compared to a cost of €221 million in 2009. The 2010 figure included a reversal of provisions relating to Lehman Brothers exposure, offset by impairment charges relating to structured products held in the United States. The 2009 figure related primarily to impairment charges on such structured products.

As a result, net income from market activities decreased to €355 million, down 22.5% compared to €458 million of net income recorded in 2009.

Private Banking

In 2010, 3.6% of the Group's net banking income came from the private banking segment. The following table sets forth information relating to the results of operations of the private banking segment in 2009 and 2010.

(in millions of euros)	2009	2010	Change (2010/2009)
Net banking income	397	404	1.8%
Operating expenses	(303)	(320)	5.6%
Gross operating income	94	84	- 10.6%
Cost of risk	1	(15)	NS
Net gain (loss) on disposal of other assets	0	1	NS
Net income before tax	95	71	- 25.3%
Income tax	(24)	(8)	- 66.7%
Net income	70	62	- 11.4%

Net banking income from private banking totaled €404 million in 2010, up 1.8% compared to 2009. Operating expenses increased to €320 million for 2010 compared to €303 million for 2009.

The private banking segment has experienced difficulties in recent years, in particular due to the global economic crisis. 2010 marked a slight recovery for the segment, with an increase in transaction volumes and increase in management fees (including in connection with the depositary function of the Banque de Luxembourg).

The following table provides information regarding the level of activity of the private banking segment in 2009 and 2010.

(in billions of euros)	2009	2010	Change (2010/2009)
Deposits	13.2	13.6	0.8%
Loans	4.8	5.6	16.7%
Savings managed	63.2	74.5	17.9%

Operating expenses, however, increased at a rate faster than the increase in net banking income, due to information technology expenses. This resulted in a decline in gross operating income of 10.6% in 2010.

The cost of risk also increased to €15 million for 2010, compared to income of €1 million for 2009.

As a result of the above factors, net income from private banking totaled €62 million for 2010, compared to €70 million for 2009.

Private Equity

In 2010, 1.7% of the Group's net banking income came from the private equity segment. The following table sets forth information relating to the results of operations of the private equity segment in 2009 and 2010.

(in millions of euros)	**2009**	**2010**
Net banking income	49	191
Operating expenses	(28)	(35)
Gross operating income	21	155
Cost of risk	0	0
Net gain (loss) on disposal of other assets	0	0
Income tax	(1)	(3)
Net income	20	153

After a difficult year in 2009, net banking income from private equity totaled €191 million in 2010, compared to €49 million in 2009. The increase reflects a rebound of the segment, with increased investments for the account of the Group and increased management of third-party assets. In 2010, the Group invested in equity stakes in companies such as Doris Engineering, Go Voyages, Foir'Fouille, Advini/Jeanjean, Axelliance, Charles Faraud, Deck/Wichard, Huttopia, Icosmeceuticals, Innova and PND/Durance. Portfolio rotation also increased, generating capital gains income.

The following table provides a breakdown of investments and amounts managed by the segment at 31 December 2010 and 2009.

(in millions of euros)	**December 31 2009**	**December 31 2010**
Cumulative amount invested by the Group	1,487	1,436
Value of portfolio	1,641	1,629
Amounts managed for third parties	704	723
Total investments by the Group made in the year	141	236

Operating expenses increased slightly in 2010 compared to 2009, and net income from private equity totaled €153 million in 2010, compared to €20 million in 2009.

Logistics and Holdings

(in millions of euros)	2009	2010
Net banking income	(104)	103
Operating expenses	(671)	(963)
Gross operating income	(775)	(860)
Cost of risk	(71)	(105)
Gains or losses on other assets	(126)	(32)
Net income before tax	(972)	(997)
Income tax	293	261
Net income	(680)	(737)

The logistics and holding segment generated net banking income of €103 million in 2010, compared to negative net banking income of €104 million in 2009. The net banking income of the logistics and others business was up 7.7% on a like-by-like basis in 2010, and chiefly included the commercial margins of Euro Information and press groups and commissions for intra-Group services.

Operating expenses increased by 43.5%, from €671 million in 2009 to €963 million in 2010. This sharp increase includes the start-up costs of new agencies. The increase in operating expenses was partially offset by a decrease in losses on asset sales. As a result of the foregoing, the net loss of the logistics and holding segment increased in 2010.

Analysis of Cost of Risk and Doubtful Loans

The cost of risk declined to €1,305 million in 2010, a decrease of 34% compared to the 2009 figure of €1,987 million. Cost of risk represented 0.54% of outstanding loans to customers in 2010, a significant improvement compared to 0.78% recorded in 2009.

The Group's cost of risk increased in 2009 with the acquisition of TARGOBANK and Cofidis, whose consumer finance activities have a higher cost of risk than those of the Crédit Mutuel and CIC networks. Both TARGOBANK and Cofidis recorded an improvement in 2010 as the Group implemented more conservative risk policies. The 2009 figure was also affected by increased defaults resulting from the financial crisis, primarily among business and corporate customers. In 2010, cost of risk for this customer group declined significantly as economic conditions improved.

The following table breaks down the Group's cost of risk (as a percentage of year-end outstanding loans to customers) by activity and customer group.

Cost of Risk (% of loans to customers)	2009	2010
Retail banking (excluding TARGOBANK Germany, Cofidis)		
Individuals	- 0.11%	- 0.11%
Home loans	*- 0.10%*	*- 0.10%*
Retailers and artisans	- 0.57%	- 0.41%
Small and medium-sized enterprises	- 0.88%	- 0.38%
Total Retail Banking (excluding TARGOBANK Germany, Cofidis)	**- 0.34%**	**- 0.17%**
Financing and market (large corporate)	**- 0.93%**	**- 0.22%**
Private Banking	**0.06%**	**- 0.26%**
TARGOBANK Germany	**- 3.72%**	**- 3.00%**
Cofidis	**- 5.47%**	**- 5.00%**

In 2010, the Group also saw a slight decrease in the proportion of doubtful loans in its overall portfolio, and increased its coverage of doubtful loans with provisions. The following table provides information on the Group's doubtful loans and provisions for possible loan losses in 2009 and 2010:

(in billions of euros)	2009	2010
Gross customer loans outstanding	224.6	236.5
Non-performing loans	10.5	10.9
Loans loss reserves	6.6	7.3
Of which specific reserves	*6.2*	*6.8*
Of which reserves for country, sector and other general risks	*0.4*	*0.4*
Doubtful loan ratio (doubtful loans / gross customer loans)	4.7%	4.6%
Coverage ratio of provisions to doubtful loans	63.0%	66.3%

See "Risk Management" for additional information relating to the Group's portfolio of loans and offbalance sheet risks, provisions and doubtful exposures.

BFCM Group Results of Operations

The results of operations of the BFCM Group in 2010 were driven by the same factors that influenced the results of operations of the CM5-CIC Group, including increased loan production and margins in retail banking and a sharply lower cost of risk. The following table sets forth key figures for the BFCM Group in 2009 and 2010.

(in millions of euros)	2009	2010	Change (2010/2009)	Change on a Comparable Basis
Net banking income	**7,908**	**8,481**	**7.2%**	**1.0%**
Operating expenses and Depreciation, amortization and provisions for non-current assets	(4,448)	(4,911)	10.4%	
Gross operating income	**3,461**	**3,570**	**3.1%**	
Cost of risk	(1,892)	(1,214)	- 35.8%	- 39.8%
Operating income	**1,569**	**2,356**	**50.2%**	
Share of income/(loss) of affiliates	55	35	- 36.4%	
Gains or losses on other assets	3	8	NS	
Change in value of goodwill	(124)	(45)	- 63.7%	
Net income before tax	1,504	2,355	56.6%	
Income tax	(475)	(604)	27.2%	
Net income	**1,029**	**1,751**	**70.2%**	
Net income attributable to minority interests	221	346	56.6%	
Net income – Group share	**808**	**1,405**	**73.9%**	

Net Banking Income

BFCM Group net banking income increased from €7,908 million in 2009 to €8,481 million in 2010, representing growth of 7.2%, or 1.0% on a comparable basis. The impact of changes in the scope of consolidation on net banking income of the BFCM Group was greater than for the CM5-CIC Group (which recorded a 3.5% increase on a comparable basis), as all of the additions to the scope of consolidation in 2010 were within the BFCM Group.

The key drivers of the increase in net banking income of the BFCM Group from 2009 to 2010 included the following:

- Net interest income increased by 7.4%, from €4,502 million in 2009 to €4,833 million in 2010. The increase reflected greater loan production, increased margins at TARGOBANK Germany, stable margins in the CIC network and the full year consolidation of the consumer lending activities of Cofidis.
- The BFCM Group recorded 6.6% growth in net commission income, from €2,115 million in 2009 to €2,255 million in 2010.
- Net gain on financial instruments at fair value through profit and loss was €448 million in 2009 and €77 million in 2010, resulting from the losses on trading derivatives that affected the same line item in the consolidated financial statements of the CM5-CIC

Group. This was similarly partially offset by an increase in net gains on available-for-sale financial assets, from a net loss of €37 million in 2009 to a net gain of €123 million in 2010.

- Net banking income from other activities was €880 million in 2009 and €1,193 million in 2010, a 35.6% increase that reflected mainly the increase in net banking income from insurance.

Retail banking represented the largest activity in the BFCM Group, while insurance and financing/markets represented the next highest proportions. The following table presents a breakdown of net banking income by business segment.

(in millions of euros)	2009	2010	Change (2010/2009)
Retail banking	5,787	6,293	8.7%
Insurance	887	1,114	25.6%
Financing and market activities	1,533	1,074	- 29.9%
Private banking	397	404	1.8%
Private equity	49	191	NS
Logistics and holding	(703)	(536)	- 23.8%
Inter-segment	(40)	(59)	47.5%
Total	**7,908**	**8,481**	**7.2%**

Net banking income of the BFCM Group from retail banking increased by 3.9% on a comparable basis from 2009 to 2010. The 8.7% increase on a current scope of consolidation basis reflected the full year integration of Cofidis and the establishment of the Spanish partnership now known as TARGOBANK Spain. The comparable basis increase reflected the same factors that impacted the retail banking segment of the CM5-CIC Group.

Net banking income from the other segments of the BFCM Group was generally similar to that of the analogous segments in the CM5-CIC Group, analyzed above, with the exception of the logistics and holding segment (for the reasons described under "—Presentation of Information in this Section").

France represented approximately 72.2% of net banking income of the BFCM Group in 2010 and 71.6% in 2009. The following table provides a breakdown of the Group's net banking income by region in 2009 and 2010.

(in millions of euros)	2009	2010	Change (2009/2010)
France	5,668	6,126	8.1%
Europe excluding France	1,926	2,011	1.8%
Other countries	314	343	9.2%
Total	**7,908**	**8,481**	**7.2%**

Gross operating income

Gross operating income of the BFCM Group increased by 3.1%, to €3,570 million in 2010 from €3,461 million in 2009. Operating expenses, depreciation, and amortization rose 9.5% to €4,613 million in 2010 from €4,211 million in 2009. Payroll expenses increased by 13.3%, largely for the same reasons described above for the CM5-CIC Group. The BFCM Group's cost-to-income ratio increased from 56.3% in 2009 to 57.9% in 2010.

Retail banking gross operating income was €2,602 million in 2010, an increase of 13.6% compared to €2,290 million of gross operating income recorded in 2009. The increase was 6.3% on a comparable basis. The cost-to-income ratio of the retail banking segment improved from 60.4% in 2009 to 58.7% in 2010, reflecting the same factors as are discussed above for the retail banking segment of the CM5-CIC Group.

Cost of Risk

Cost of risk of the BFCM Group decreased by 35.8%, from €1,893 million in 2009 to €1,214 million in 2010. The change on a comparable basis was 39.8%. Cost of risk of the BFCM Group in 2010 represented approximately 0.69% of outstanding loans to customers, compared to 1.09% in 2009. The reasons for the improvement are largely the same as those described above for the CM5-CIC Group.

Operating income

Operating income of the BFCM Group was €2,356 million in 2010, representing an increase of 50.2% compared to the 2009 figure of €1,569 million. This sharp increase reflected the improvement in cost of risk and, to a lesser extent, the growth in gross operating income, each as described above.

Net income

Net income, group share, of the BFCM Group was €1,405 million in 2010, an increase of 73.9% compared to €808 million in 2009. The increase was greater than that of operating income in percentage terms, primarily because the BFCM Group's effective tax rate decreased in 2010 as a result of the favorable exit tax on the capitalization reserve of insurance companies, as described above.

Transactions with CM5-CIC Group Entities

The BFCM Group recorded €787 million of gross operating income in 2010 from transactions with entities in the CM5-CIC Group that are not part of the BFCM Group (primarily the Local Banks and the CF de CM, as well as the non-consolidated portion of TARGOBANK Spain after its entry into the scope of consolidation). In 2009, gross operating income earned on transactions with entities in the CM5-CIC Group was €1,016 million. The decline was primarily the result of lower net interest income, as discussed below.

Net interest income from these transactions was €1,017 million in 2010, a decline of 18.2% compared with €1,244 million of net interest income recorded in 2009. In 2010, deposits financed a significantly greater share of the loans of the Local Banks, resulting in reduced funding needs for the CF de CM. As of the end of 2010, there were €43.1 billion of loans outstanding to the entities in the CM5 Group that are outside the BFCM Group, a sharp drop compared to €84.7 billion at the end of 2009. Deposits from CM5 Group entities outside the BFCM Group fell from €51.7 billion at the end of 2009 to €13.0 billion at the end of 2010.

Net commissions paid were €211 million in 2010 and €222 million in 2009, reflecting mainly commissions for distribution of insurance products, less commissions received for information technology and other central services.

CM11-CIC Group and CM10-CIC Group Financial Condition

The following discussion analyzes the financial condition of the CM10-CIC Group as of 30 June 2012, 31 December 2011 and 31 December 2010.

The balance sheet of the CM10-CIC Group grew by 7.8% in 2011 compared to year-end 2010 and by an additional 3.2% in the first half of 2012 compared to the same period in 2011, reflecting primarily the addition of federations to the Group. See "Business—History and Structure of the CM11-CIC Group".

The structure of the balance sheet reflected the Group's commercial banking activity, as well as steps undertaken by the Group to strengthen the financial structure with a view to meeting new regulatory requirements that will become applicable over the next several years. In particular:

- The Group funded a greater proportion of its customer loans with deposits, continuing a trend that reflects the Group's strategy over the past several years. Total deposits increased by 10.4% on a comparable basis (excluding SFEF deposits and repurchase transactions) in 2011, significantly more than customer loans, which grew by 3.5% on a comparable basis. In the first half of 2012, total deposits increased by 10.3% on a comparable basis, while customer loans increased by 2.2% on a comparable basis. The loan to deposit ratio progressively improved from 1.66 as of 31 December 2008 to 1.36 as of 31 December 2011 and was at 1.32 as of 30 June 2012.
- A significant increase in the proportion of medium- and long-term funding in the overall mix of the Group's market funding, and a reduction in reliance on interbank funding, as described below under "—Liquidity and Funding".
- A reduction in the ratio of doubtful loans to total loans outstanding, from 4.6% at the end of 2010 to 4.2% at the end of 2011 to 4.1% at 30 June 2012. The Group also maintained a high ratio of provisions to non-performing loans 1 (66.5% as of 30 June 2012, 66.7% as of 31 December 2011 and 66.3% as of 31 December 2010).
- A continued strengthening of the Group's capital ratios, with a Tier 1 ratio of 11.0% at the end of 2011 and 13.0% at 30 June 2012. See "Capital Adequacy of the Group" for further details.

Assets

General. The Group's consolidated assets amounted to €483.4 billion at 30 June 2012, up 3.2% compared to €468.3 billion at 31 December 2011, which was up 7.8% from €434.3 billion at 31 December 2010.

The 3.2% increase in total assets from 31 December 2011 to 30 June 2012 reflects: a 19.4%, or €7.5 billion, increase in loans and receivables due from credit institutions; a 16.1%, or 6.1 billion, increase in financial assets at fair value through profit or loss; a 1.9%, or €4.9 billion, increase in loans and receivables due from customers; and a 16.9%, or €2.7 billion, decrease in held-to-maturity financial assets.

The 7.8% increase in total assets from 31 December 2010 to 2011 reflects: a 15.1%, or €34.6 billion, increase in loans and receivables due from customers; a 10.6%, or €1.7 billion, increase in accruals and other assets; a 12.6%, or €0.9 billion, decrease in cash and amounts due from central banks; a 7.7%, or €3.2 billion, decrease in financial assets at fair value through profit or loss; a 5.7%, or €4.3 billion, reduction in financial assets available for sale; and a 3.8%, or €1.5 billion, reduction in loans and receivables due from credit institutions.

Financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss consist of trading account transactions (including derivatives) and certain assets designated by the Group as fair value through profit or loss at the time of acquisition (including private equity investments). These assets are remeasured at fair value at each balance sheet date.

Total financial assets at fair value through profit or loss amounted to €44.2 billion at 30 June 2012, up 16.1% from €38.1 billion at 31 December 2011. Financial assets at fair value through profit or loss accounted for 9.1% of the Group's total assets at 30 June 2012.

Total financial assets at fair value through profit or loss amounted to €38.1 billion at 31 December 2011, down 7.7% from €41.2 billion at 31 December 2010. This decrease reflects, in particular, a 4% decrease in bonds or other fixed income securities and a 16.0% decrease in other financial assets, including reverse repurchase agreements. Financial assets at fair value through profit or loss accounted for 8.1% of the Group's total assets at 31 December 2011, compared with 9% at 31 December 2010.

Loans and receivables due from credit institutions. Loans and receivables due from credit institutions consist of demand accounts, interbank loans, and reverse repurchase agreements. Loans and receivables due from credit institutions amounted to €46.1 billion at 30 June 2012, up 19.4% from €38.6 billion at 31 December 2011, reflecting primarily an increase in BCE deposits. Loans and receivables due from credit institutions at 31 December 2011 declined 3.8% from €40.1 billion at 31 December 2010, reflecting primarily reduced activity in the interbank market generally.

Loans and receivables due from customers. Loans and receivables due from customers amounted to €268.8 billion at 30 June 2012, up 1.9% from €263.9 billion at 31 December 2011, which was up 15.1% from €229 billion at 31 December 2010 (the increase on a comparable basis was 3.5%). This growth is due largely to increases in home loans to customers, which increased from €115.3 billion at 31 December 2010 to €137.2 billion at 31 December 2011 and to €140.2 billion at 30 June 2012. Home loans outstanding increased by 3.2% in 2011 and by 2.4% in the first half of 2012 on a comparable basis. See "Business" for information on the Group's loan portfolio within its principal banking business segments, and "Risk Management" for breakdowns of the Group's portfolio of loans to customers among various risk categories.

Available-for-sale assets. Available-for-sale financial assets are fixed- and variable-income securities that cannot be classified as financial assets at fair value through profit or loss or held-to-maturity financial assets. These assets are remeasured at market or similar value at each balance sheet date, with the change from one period to the next recorded directly in equity. This line item was the subject of a correction in the interim consolidated financial statements as at and for the six month period ended 30 June 2012, as described in note 1b to such financial statements.

Available-for-sale financial assets totaled €71.4 billion at 30 June 2012, relatively stable compared to 31 December 2011.

As corrected, available-for-sale financial assets amounted to €72.0 billion at 31 December 2011 (€72.2 billion at 31 December 2011 in the 2011 audited consolidated financial statements). Uncorrected, available-for-sale financial assets decreased 5.7% to €76.5 billion at 31 December 2010. This decrease was due largely to a 8.3% decrease in bonds and other fixed income securities, from €53.4 billion at 31 December 2010 to €49.0 billion at 31 December 2011. Available-for-sale financial assets include a significant portion of the Group's interests in sovereign debt obligations. See "—European Sovereign Debt Exposure" for further details.

Held-to-maturity financial assets. Held-to-maturity financial assets are investments with fixed or determinable payments and a fixed maturity that the Group has the intention and the ability to hold until maturity. They are recognized in the balance sheet at amortized cost using the effective interest method, and are divided into two categories: negotiable certificates of deposit and bonds. Held-to-maturity financial assets totaled €13.4 billion at 30 June 2012, down 16.9% from €16.1 billion at 31 December 2011, which was up 50.2% from €10.73 billion at 31 December 2010.

Liabilities (excluding shareholders' equity)

General. The Group's consolidated liabilities totaled €455.1 billion at 30 June 2012, up 3.0% compared to €441.8 billion at 31 December 2011, which was up 7.7% from €410.3 billion at 31 December 2010. These figures include subordinated debt of €6.5 billion at 30 June 2012, €6.6 billion at 31 December 2011 and €7.2 billion at 31 December 2010. The increase in total liabilities in the first half of 2012 mainly reflects a 3.7%, or €7.4 billion increase in amounts due to customers (primarily deposits); a 43.5%, or €4.4 billion, increase in accruals and other liabilities; a 3.7%, or €2.4 billion, increase in technical reserves of insurance companies; a 2.8%, or €2.5 billion, increase in debt securities; partially offset by a 6.8%, or €2.5 billion, decrease in amounts due to credit institutions.

The 2011 increase in total liabilities reflects a 30.8%, or €8.6 billion, increase in amounts due to credit institutions; a 22.4%, or €36.6 billion, increase in amounts due to customers (primarily deposits); and a 17.1%, or €2.1 billion, decrease in accrued expenses and other liabilities; a 10.3%, or €3.5 billion, decrease in financial liabilities at fair value through profit or loss and a 8.2%, or €7.8 billion, decrease in debt securities.

Financial liabilities at fair value through profit or loss. Total financial liabilities at fair value through profit or loss decreased 1.3% to €30.5 billion at 30 June 2012, after having decreased 10.3% to €31.0 billion at 31 December 2011 from €34.6 billion at year-end 2010.

Amounts due to credit institutions. Amounts due to credit institutions decreased 6.8%, or €2.5 billion, to €33.9 billion, after having risen 30.8% in 2011 to €36.4 billion at 31 December 2011, reflecting a transaction involving the Banque de France, and a second transaction that was unwound early in 2012.

Amounts due to customers. Amounts due to customers consist primarily of demand deposits, term accounts, regulated savings accounts, and repurchase agreements. Amounts due to customers totaled €207.5 billion at 30 June 2012, €200.1 billion at 31 December 2011 and €163.5 billion at 31 December 2010. These amounts include deposits from the SFEF (a French State-sponsored entity established to provide liquidity at the height of the financial crisis). Excluding SFEF deposits, total amounts due to customers were €154.5 billion at the end of 2010, €193.6 billion at the end of 2011 and €204.3 billion at 30 June 2012. Apart from the addition of five federations at 1 January 2011 and one federation at 1 January 2012, this increase is attributable to the Group's commercial efforts to improve the loan-to-deposit ratio, as described above. Deposits represented a greater proportion of total savings (including managed savings such as life insurance and mutual funds) at 30 June 2012 and the end of December 2011 compared to the end of December 2010.

Debt securities. Debt securities consist of negotiable certificates of deposit and bond issues. Debt securities increased 2.8% to €89.7 billion at 30 June 2012, after having decreased 8.2% to €87.2 billion at 31 December 2011, from €95.0 billion at 31 December 2010. See "—Liquidity and Funding" for a discussion of the Group's debt securities programs.

Technical reserves of insurance companies. Technical reserves of insurance companies increased 3.7% to €68.3 billion at 30 June 2012, compared to €66.0 billion at 31 December 2011 and 31 December 2010.

Consolidated Shareholders' Equity

Consolidated shareholders' equity attributable to the Group amounted to €26.0 billion at 30 June 2012. This line item was the subject of a correction in the interim consolidated financial statements as at and for the six month period ended 30 June 2012, as described in note 1b to such financial statements.

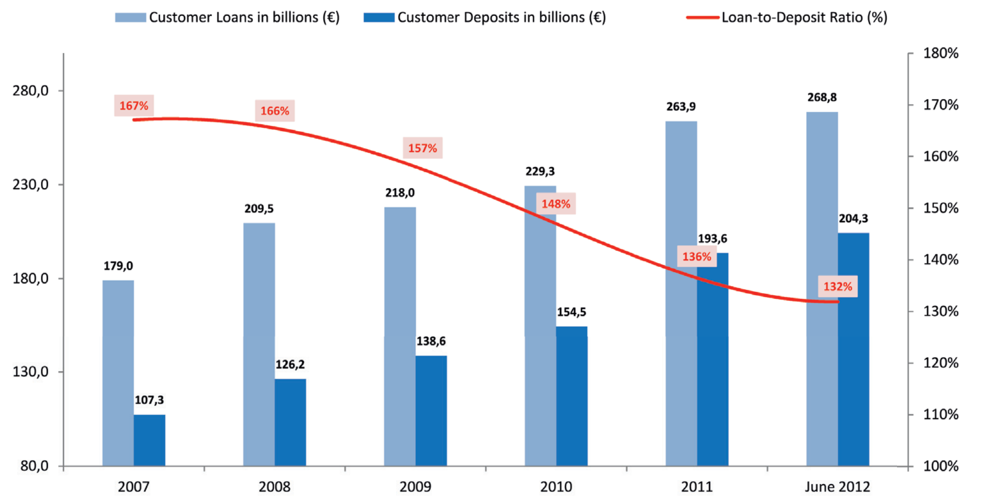
As corrected, consolidated shareholders' equity attributable to the Group amounted to €24.2 billion at 31 December 2011 (€24.1 billion at 31 December 2011 in the 2011 audited consolidated financial statements). Uncorrected, consolidated shareholders' equity attributable to the Group increased €3.5 billion at 31 December 2011, compared to 31 December 2012, which was primarily attributable to the addition of the capital and reserves of the Local Banks in the five federations that joined the Group at the beginning of 2011, as well as the Group's net income for the period. Variations of the fair value of available-for-sale securities had a negative impact of €766 million on consolidated shareholders' equity attributable to the Group at 31 December 2011 while they had a positive impact of €617 million at 30 June 2012.

Minority interests decreased to €2,275 million at 30 June 2012 from €2,385 million at 31 December 2011 and €3,431 million at 31 December 2010. This decrease is primarily due to a reduction in minority interests in the Groupe des Assurances Crédit Mutuel (GACM), representing the proportion of GACM owned by the Local Banks in the five Crédit Mutuel federations that joined the group at the beginning of 2011 and the one Crédit Mutuel federation that joined the group at the beginning of 2012.

Liquidity and Funding

The Group had a strong liquidity position as of 30 June 2012, reflecting the fact that much of the Group's retail banking activity is funded through deposits. In addition, BFCM regularly issues bonds that are placed domestically with customers through the Group's retail network.

As part of its strategy to enhance its liquidity position, the Group has focused on decreasing the ratio of loans to deposits, which in current markets represent a more stable source of short-term funding than market instruments, and which will receive more favorable regulatory treatment in the next few years. As of 30 June 2012, the Group had outstanding loans to customers of €268.8 billion and outstanding customer deposits (excluding SFEF deposits) of €204.3 billion, representing a loan-to-deposit ratio of 1.32x (compared to 1.36x at 31 December 2011 and 1.66x at 31 December 2010). Over the past few years, the ratio has declined significantly, as illustrated by the following chart:



The Group applies a strict framework for the management of liquidity risk, monitored by BFCM on the basis of a centralized risk management system, described below under "Risk Management". Liquidity management revolves around the following principles:

- Applying the French regulatory one month (i.e., one month entries/exits) liquidity ratio or other similar locally applicable ratio to each entity in the Group on a stand-alone basis.
- Maintaining a liquidity buffer of assets that are transferrable and eligible as collateral for loans from the European Central Bank, covering more than one month of total closure of the markets and client stress, which can be mobilized with a few days to cover up to 85% of short term funding requirements.
- Limiting transformation ratios for commercial banking, with 90% matched by time bands from 3 months to 7 years.
- Limiting reliance on the interbank lending market.
- Diversifying funding sources by type of investors, by geographical market and by currency.

As of 31 August, 2012, the Group had raised approximately €11.5 billion of medium and long-term resources, out of a planned program of €9.5 billion. The total amount raised included €3.3 billion of collateralized issues (including covered bonds), €5.1 billion of unsecured issuances of bonds and other negotiable instruments and €300 million of bonds placed through the retail networks.

The Group's overall refinancing debt was €96.8 billion as of 31 July 2012, representing approximately 20% of the Group's total funding. Refinancing debt was €101.7 billion as of 31 December 2011, €113.4 billion as of 31 December 2010 and €116.1 billion as of 31 December 2009.

For this purpose, "refinancing debt" includes medium and long-term bonds (mainly issued under EMTN programs); subordinated debt; secured debt such as covered bonds, securitization and obligations owed to the SFEF; short-term certificates of deposit, commercial paper, interbank deposits and obligations to the European Central Bank.

The maturity profile of the Group's overall debt structure evolved significantly over 2011 and the first half of 2012. Medium and long-term financing represented approximately 66% of the Group's overall refinancing as of 31 July 2012, compared to 63% at the end of 2011, 50% at the end of 2010 and 48% at the end of 2009. See "Risk Management" for additional information relating to the maturity profile of the Group's obligations. As of 31 July 2011, total medium and long-term obligations outstanding were €63.9 billion, including €29.2 billion of collateralized issues, €29.6 billion of unsecured issues and €5.0 billion of issues placed through the retail networks. The Group's objective is for medium and long-term financing to represent approximately 70% of total refinancing debt in the near term, and 80% within 5 years, in each case subject to market conditions.

With respect to short-term funding, the Group's strategy is to maintain European Central Bank eligible collateral in an amount sufficient to cover maturities for at least 12 months. The Group does not hesitate to use this funding source on a short-term basis when its terms are the most attractive. The Group's policy is not to allow its overnight borrowing position to exceed €10 billion, a policy that has been met at all times since 2008. Typically, the net overnight position varies between €2 billion net lending and €2 billion net borrowing.

Capital Adequacy of the Group

Overview

French bank regulatory authorities, like authorities in most countries, impose minimum required levels of capital that must be maintained by banks within their jurisdiction. Required levels of capital are determined by reference to the relative risk associated with specified categories of assets owned by the institutions. These requirements are generally referred to as risk-based capital requirements and are regarded by bank regulatory authorities as an important supervisory tool in measuring the safety and soundness of banking institutions.

In particular, the CM11-CIC Group is required to comply with the French regulations that transpose European Union capital adequacy directives and capital requirements directives into French law. These ratios mainly address capital adequacy, risk concentration, liquidity and asset/liability mismatches.

Regulatory Background

In 1988, the Committee on Rules and Practices for the Supervision of Banking Operations (called the "Basel Committee"), consisting of representatives of central banks and supervisory authorities from the "Group of Ten" (Germany, Belgium, Canada, the United States, France, Italy, Japan, the Netherlands, the United Kingdom and Sweden) and Luxembourg, recommended the adoption of a group of risk weighting standards and minimum levels of capital adequacy. These recommendations provide that the capital of international financial institutions should represent at least 8% of the total of their credit risk, including a core element of 4% (Tier 1). These recommendations were imposed at the European level when, in 1989, the European Council adopted two directives with regulatory force defining the capital adequacy requirements with respect to credit risk within the European Community.

In 1993, the Capital Adequacy Directive extended the scope of application of the European regulations on capital adequacy to include market risk. The provisions of the European directives with respect to capital adequacy were transposed into French law by a series of regulations adopted by the French Banking and Financial Regulations Committee until 1999 (hereafter referred to collectively as "CAD Regulations").

From 1 January 1996 through 31 December 2007, French banks were bound by the CAD Regulations to comply with capital adequacy requirements with respect to their market activities, in addition to the preexisting requirements concerning their commercial bank activities. In addition to credit risk, the CAD Regulations defined the standards applicable to the market activities of investment firms so as to cover interest rate risks, market fluctuation risks and settlement risks. As defined by the CAD Regulations, the capital adequacy ratio ("CAD Ratio") of a French bank was calculated by dividing the total amount of available capital (Tier 1 and Tier 2 capital as well as certain complementary elements (Tier 3)) by the capital adequacy requirements with respect to the various types of risk incurred. Each type of risk is weighted according to specific weights provided in a pre-set chart. In accordance with the CAD Regulations, the CAD ratio must be at least 100%.

In 1996, the Basel committee substantially amended the definition of capital adequacy standards so as to cover market and operational risks in a manner similar to credit transactions. According to this new definition, market risks include (i) risks related to interest rate instruments and shares held in a trading portfolio, and (ii) currency risk and risks on commodities recorded on an account. In accordance with the 1996 modifications, completed in September 1997 by the Basel Committee, the standards, while maintaining capital adequacy requirements relating to credit risk, required financial institutions to quantify their market risk in terms of an equivalent amount of credit risk, and to ensure that their capital is equal to at least 8% of the overall amount of credit risks and market risks. The French Banking Commission (the predecessor of the ACP) regularly issued opinions relating to the methods of application and calculation of the international solvency ratio. Nevertheless, the international solvency ratio did not have regulatory force.

In 2004, the Basel Committee adopted a new accord containing comprehensive principles for capital adequacy standards applicable to banking institutions, known as the "Basel II Accord". The European Capital Requirements Directive (CRD), adopted in June 2006 and subsequently amended, transposed the Basel II Accord into European law. A decree dated 20 February 2007 transposed the directive into French law. The CRD standards became effective in France as of 1 January 2008.

The Basel II Accord is structured around three pillars: minimum capital requirements, supervisory reviews, and required disclosures to enhance market discipline.

- **Pillar 1** renewed the minimum regulatory capital requirements through the introduction of a prudential ratio in order to take into account more effectively all banking risks (market risks, credit risks and operational risks) and their economic reality.

– The risk weighting approach of the credit risk aspect was completely overhauled; in particular, Pillar 1 introduced credit risk evaluation methods based on internal ratings (subject to regulatory approval of the internal rating methodology).

– One of the principal new features of the Basel II Accord was that operational risk and its cover are taken into account in terms of regulatory capital.

– To take into account market risk, the existing arrangements were supplemented to cover the risk of default more effectively.

- **Pillar 2** emphasized supervisory review by imposing an obligation on financial institutions to put in place functions, tools and procedures for controlling and monitoring internal risks, and to strengthen prudential monitoring.
- **Pillar 3**, designed to promote market discipline, required financial institutions to engage in regular and transparent communication with the markets concerning their risks policy, the level of these risks and their coverage with regulatory capital.

Under the Basel II Accord, the proportion of a financial institution's Tier 1 capital that was represented by hybrid instruments of various types was limited. As a general matter, hybrid instruments could be included in Tier 1 capital subject to these limits and to regulatory approval, designed primarily to ensure that the instruments could absorb losses as needed. The types of hybrid capital instruments issued by banks in different jurisdictions varied widely.

The Group's Regulatory Capital

Since 1 January 2008, the Group's capital adequacy ratio has been calculated in accordance with the decree issued by the French Ministry of the Economy, Finance and Industry on 20 February 2007 introducing the Basel II capital adequacy ratio, *i.e.*, regulatory capital expressed as a percentage of the sum of:

- risk-weighted assets calculated using the standardized approach or the internal ratings based approach (as described above), depending on the relevant entity or Group business; and
- the regulatory capital requirement for market and operational risks, multiplied by 12.5.

The use of the internal ratings approach for credit risk is subject to a regulatory capital floor, based on the initial Basel I standard (which served as the basis for the CAD Regulations).

The following table sets forth the Group's regulatory capital at 31 December 2010 and 2011 and 30 June 2012.

in millions of euros except %	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC	30 June 2012 CM11-CIC
TOTAL REGULATORY CAPITAL	**19,406.8**	**21,541.1**	**22,346.7**
Share capital	5,139.4	5,596.2	5,943.2
Eligible reserves	17,871.6	21,015.8	22,200.4
Hybrid Securities	2,300.0	2,103.9	2,103.9
Deductions from Tier 1 Capital (primarily intangible assets)	- 5,970.7	- 7,174.9	- 7,900.8
TOTAL TIER 1 CAPITAL	**19,340.4**	**22,739.3**	**24,125.9**
Temporary deductions from Tier 1 Capital	0.0	- 1,198.2	- 1,779.2
Total Tier 2 capital	**4,737.0**	**4,085.6**	**3,813.3**
Temporary deductions from Tier 2 Capital	- 4,670.6	- 4,085.6	- 3,813.3
Net Total Regulatory Capital	19,406.8	21,541.1	22,346.7
Tier 3 capital	**0.0**	**0.0**	**0**
CREDIT RISK CAPITAL REQUIREMENT	**11,655.0**	**12,098.7**	**12,169.6**
Weighted credit risk	145,687.3	151,234.1	152,119.9
Central governments and central banks	146.5	89.4	75.5
Institutions	8,771.1	7,738.3	7,396.0
Corporate customers	71,167.7	77,075.9	77,716.4
Retail customers	39,247.1	40,588.4	42,192.8
Equity	8,206.9	7,522.2	7,391.6
Other assets	18,742.0	18,219.9	17,347.6
MARKET RISK CAPITAL REQUIREMENT	**346.6**	**380.9**	**344.6**
OPERATIONAL RISK CAPITAL REQUIREMENT	**1,181.4**	**1,265.5**	**1,200.9**
FLOOR CAPITAL REQUIREMENT	**1,209.2**	**1,968.2**	**0**
OVERALL SOLVENCY RATIO	**10.8%**	**11.0%**	**13.0%**
Tier 1 ratio	10.8%	11.0%	13.0%

In preparation for the implementation of the Basel III framework (described below), additional standards have been adopted that are known as the so-called "Basel 2.5" standard. This standard provides, among other things, for the calculation of a "core Tier 1" ratio that excludes hybrid capital increments and imposes certain deductions, including in respect of certain insurance activities. Certain systemically significant banks (which do not include the Group) are required to maintain minimum core Tier 1 ratios of 9% as of 30 June 2012.

Preparation for Basel III and Solvency II

Basel III Capital Framework

In December 2010, the Basel Committee published a regulatory framework substantially strengthening existing capital requirements applicable to banking institutions (Basel III). The Basel III Framework has been reflected at the level of the European Union in a proposed Capital Requirements Directive, known as CRD IV. Assuming that CRD IV and the related implementing regulation are adopted in their current form and transposed in France, the requirements of Basel III will be effective on 1 January 2013, and will be implemented over a span of six years, to be completed on 1 January 2019. Under Basel III:

- The capital adequacy ratio will remain at 8%, but minimum common equity requirements in Tier 1 capital will increase from 2% to 4.5% by 1 January 2015.
- The total Tier 1 capital requirement, which includes common equity and other qualifying financial instruments based on stricter criteria than those applicable to hybrid instruments under Basel II, will increase from 4% to 6% over the same period.
- In addition, a new capital conservation buffer requirement of 2.5% to be met with common equity will be introduced to help banks withstand future periods of stress, effectively raising the common equity Tier 1 requirement to 7% (banks with ratios between the 4.5% minimum and 7% will be subject to restrictions on dividends, share repurchases and bonus payments).
- A countercyclical buffer within a range of 0% to 2.5% of common equity or other fully loss absorbing capital will also be implemented according to national circumstances and will be in effect only where there is excess credit growth that is resulting in a system-wide build up of risk. Such countercyclical buffer, when in effect, will be introduced as an extension of the conservation buffer range.

The Basel III standards also introduced a strengthened liquidity ratio and a new leverage ratio, each of which is described under "Government Supervision and Regulation in France".

Solvency II Framework

The Group's insurance activities will be subject to an enhanced solvency capital regime effective 1 January 2013. As a general matter, the new solvency rules will require coverage of non-life underwriting, life underwriting, health underwriting, market, credit and operational risks corresponding to the value-at-risk of net assets subject to a confidence level of 99.5% over a one year period. This solvency capital requirement is to be calculated using either a standard formula or an internal model. The Group's insurance activities will also be subject to a minimum capital requirement, to the performance of periodic own risk and solvency assessments and to enhanced reporting and disclosure requirements.

Impact of Basel III and Solvency II on the Group

Because CRD IV has not been finally adopted, it is difficult to predict the precise impact that the Basel III standard will have on the Group. Out of €22.3 billion of total capital, the Group's core Tier 1 capital was €21.9 billion as of 30 June 2012. In addition, the Group expects that a number of factors could allow its ratios to improve by the time the Basel III standards become effective, including:

- The expected end of the floor capital requirement, which would significantly increase the Group's core Tier 1 capital;
- The transition of the Group's corporate credit portfolio to an internal ratings based approach under the Basel standards;
- A possible change to the treatment of associated companies in the insurance business, which would allow them to be risk-weighted at 370%, rather than deducted from core Tier 1 capital (which amounts to an effective 1,250% risk weighting); and
- Opportunities for optimization of capital allocation between insurance and banking activities.

Risk Management

The discussion that follows describes in summary form the principal risk management policies and procedures of the Group, and provides a breakdown of the Group's exposures to various categories of risk. Investors should be aware that even the best risk management procedures cannot provide a guarantee against material losses. See "Risk Factors Relating to the Group and the BFCM Group" for a description of the principal risks and risk categories applicable to the Group's activities.

Introduction

The Group, including the BFCM Group, has established multiple layers of controls designed to ensure that its local and retail banks comply with the Group's policies and procedures, that the risks of its various business activities are properly identified and managed and that the Group effectively manages counterparty risk, internal controls and compliance with regulatory measures.

The Group's internal controls and risk management system is organized around the following, with BFCM's internal control and risk management integrated into the overall internal control system implemented by the Group:

- a Risk Department, which regularly analyzes and reviews all types of risks with an eye toward the return on allocated regulatory capital and aims to contribute to the Group's growth and profitability while ensuring the quality of the Group's risk management systems;
- a Risk Committee, which meets quarterly and includes the operational risk managers, who are the head of the Risk Department and the heads of the business lines and functions involved (commitments department, capital markets department, finance department, retail banking, financing and capital markets, real estate, private equity) together with executive management of BFCM. This Committee is responsible for overall ex post and ex ante risk monitoring.
- a Risk Monitoring Committee, which consists of members of the deliberative bodies and meets twice a year to review the Group's strategic challenges and opportunities in the risk area. Based on the findings presented, it makes recommendations to the Group's deliberative bodies on all decisions of a prudential nature applicable to all Group entities. The head of the Risk Department presides over the meetings of this Committee and is responsible for the presentation of the files prepared for the various risk areas based on the work of the Risk Committee. BFCM's executive management also participates in the meetings of this Committee, which may also invite the heads of the business lines that have a stake in the items on the meeting agenda.
- an Audit and Financial Statements Committee, consisting of directors representing the Crédit Mutuel federations that are members of the CM11-CIC Group and two members of the CIC Supervisory Board.
- a Committee of Control and Conformity, which reports to the Audit and Financial Statements Committee.

By using common methods and applications, the established internal control and risk management system aims in particular to:

- cover all Group activities comprehensively;
- identify, assess, monitor and aggregate risks in a consistent manner and on a consolidated basis;
- ensure compliance with applicable laws and regulations as well as internal policies;
- ensure the smooth operation of internal processes and the reliability of the financial information.

The Group aims to identify its main risks based on guidelines and to map and monitor them with appropriate limits, formalized procedures and dedicated applications. In accordance with regulatory provisions, a risk assessment and monitoring report is prepared annually along with the internal control report. This risk assessment and monitoring report includes an in-depth review of the risk management system. The Group's internal control system and procedures to combat money laundering and terrorism financing are described in more detail in the Report on the Board of Director's Operations and Internal Control Procedures included in Annex A to this Information Document and in the Report on the System of Procedures to Combat Money Laundering and Terrorism Financing included in Annex B to this Information Document.

Risk Management by Category

Principal types of risk relevant to the Group include credit risk, balance sheet risk, market risk, operational risk, concentration risk, counterparty risk, and asset-liability management risk.

Credit Risk Management

The Group's credit risk management procedures are based on a single set of guidelines that define the rules and practices applied by the Group and apply to two systems, one for loan origination and one for measuring, monitoring and managing credit risk. The BFCM Group follows the same set of procedures.

The Group's credit risk procedures are implemented both locally, by the Group entity or employees making loan decisions at the Local Bank or branch level, and at the Group level, where the Risk Department monitors the uniform application of the Group's policies and procedures and ensures such policies and procedures are adapted to the market and regulatory environment. The Group's risk management procedures are based on controls at the operational level and periodic and ongoing controls at the Group level.

Loan Origination Procedures

The Group manages its loan origination credit risk by knowing its customers and evaluating their credit risk before deciding to provide credit. The Group relies on the close ties it has established in the communities in which it operates to target prospective customers and better understand its existing customers, which the Group places into several risk-based categories. The Group, through the relevant entity or employee making the credit decision, conducts credit risk analyses based on the credit scoring or rating and internal risk category of the customer and a weighted assessment of the type of credit and/or guarantee to be provided. Each customer's credit file is also checked against other available information, including, if applicable, segment studies, annual reports and rating agency publications. The relevant Group employees receive periodic training on risk management and assessment.

In accordance with applicable law and regulations, the Group's loan origination credit risk procedures are based on the Group's internal customer rating system, which is used in determining whether to approve a loan and how to price and monitor it. The Group's internal customer rating system is based on the following principles:

- Uniformity of application, with a single calculation method used for the entire Group and the same algorithms used throughout the Group, based on market segmentation defined within the Group's information system;
- Exhaustiveness, with ratings of all counterparties identified in the Group's information system;
- Automation, with the Group's information system automatically calculating a monthly initial rating that is updated daily through the transmission of risk warnings to determine the final rating;
- Standardised reporting for all market segments, with nine categories of performing customer loans and three categories of customer loans in default; and
- Recognition of risk groups, in accordance with Article 3 of CRBF Regulation 93-05 (which states that individuals or legal entities that are related in such a manner that it is likely that if one of them encounters financial problems, the others would also encounter repayment difficulties, are considered as a single beneficiary).

The Group's Risk Department, with the help of specialized teams, is responsible for ensuring, as often as required, that the algorithms used by the Group's information system are relevant. Generally speaking, the applicable commercial unit (a Group entity, Local Bank or branch) determines the internal ratings of all loan files that it handles.

Within the Group, the ability to provide credit to a customer varies based on the level of the Group entity providing the credit and the type of credit to be provided.

- In retail banking, an account manager is responsible for the exhaustiveness, quality and reliability of the information collected and for verifying such information either through information and documents provided by customers or through external sources (such as sector studies, annual reports, corporate filings, credit agencies). Each account manager is responsible for his or her credit decisions and has authority to grant credit within a range of caps (based on several factors including the customer's internal rating, the total amount of commitments for a given counterparty or risk group, any specific exclusions of approval powers and any guarantees eligible for inclusion when weighting the relevant debts). Any loan file whose amount exceeds specific caps must be approved by local, regional or Group credit approval committees, whose operating rules are governed by written procedures.
- In the financing and market segment, credit decisions are made by a commitment decision committee.

In accordance with the above, the decision to provide credit to a customer is essentially based on the following:

- a formalized risk analysis of the counterparty;
- the internal rating applied to the counterparty or group of counterparties;
- whether the loan falls below the relevant cap;
- review of the loan file by a separate team under the Group's dual review principle;

- whether the loan falls within maximum discretionary lending limits that have been determined in proportion to the local lending bank's equity (and in accordance with Basel II guidelines and the fundamental principles applicable to all Group banks);
- whether the interest rate and other fees are adapted to the risk profile of the loan and capital consumption.

Immediately upon completion of a loan application, the electronic loan file is automatically transmitted to the applicable decision maker at the appropriate level.

Each Local Bank also has its own commitments teams, which are separate from operations and report to senior management and are generally broken into two independent teams, one responsible for ensuring that loan origination decisions are appropriate based on the dual review principle while verifying that the expected return is commensurate with the risk taken and another responsible for prudential oversight, credit risk assessment and ensuring the "permanent supervision" procedures are followed.

Counterparty Risk–Risk Measurement, Credit Monitoring and Management of Amounts at Risk

In accordance with applicable law and regulations, the Group's commitments are monitored by national and regional entities. The Group uses an array of tools that provide an aggregated, static and dynamic view of:

- exposure to a given counterparty or group of counterparties;
- new and existing loans, based on elements adapted to suit the relevant business area (rating, market, lending products, return, etc.).

Each commercial unit uses information systems that enable it to check compliance on a daily basis with the caps assigned to each of its counterparties.

Each commercial unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line. This monitoring is conducted independently from the loan origination process and is in addition to and in coordination with the actions taken mainly by the first-level control in the commercial units, the permanent supervision procedures and the Risk Department. The purpose of this monitoring is to identify as early as possible at-risk situations using specific criteria for each customer segment, either through software applications or through the relevant operations and commitments managers.

The Group also conducts internal reviews of counterparties to set "high-risk" limits determined on the basis of equity, in accordance with specified procedures. Advanced risk detection tools are also used to monitor account functioning anomalies and overruns, on the basis of internal and external criteria, in an automated, systematic and comprehensive manner. The Group's specialists in credit risk conduct second-level monitoring of credit commitments considered at risk on a monthly basis and decide on appropriate corrective steps to be taken. An automated monthly check of all outstanding loans against internal or external indicators programmed into the information system, followed by automatic downgrading and provisioning, complete the Group's credit monitoring system.

Centralized and continuous controls, performed by dedicated teams independent from the lending function, identify anomalies according to specific criteria and analyze at-risk loans each month, and the appropriate remedial action is determined as a result. An automatic analysis of some 20 ratios allows the bank to identify Local Banks and branches that are experiencing difficulties in managing their commitments and to take appropriate timely action. This adds an additional layer of security to the credit risk management mechanism.

Reporting

The Risk Committee

In accordance with the dispositions of the CRBF 97-02 regulations, the different decision-making bodies, particularly the Risk Committee, are informed of the evolution of credit commitments periodically and at least on a quarterly basis. In addition, these bodies are informed of and participate in decisions concerning the changes affecting the management systems of the credit commitments.

General Management Information

Detailed information on credit risks and related procedures is presented to the general management. This information is also presented to a risk monitoring committee in charge of examining the strategic issues at stake in terms of risk for CIC, in accordance with applicable regulations.

Key Figures

This section provides information on the credit risks of both the CM10-CIC Group and the BFCM Group.

CM10-CIC Group Credit Risk Exposure (balance sheet and off-balance sheet)

◆ ***Exposure*** [1]

In millions of euros, principal end of month	31 December 2010 CM-5 CIC	31 December 2011 CM-10 CIC	31 December 2011 at constant scope of consolidation
Loans and receivables			
Credit institutions	38,720	37,775	37,690
Customers	235,620	270,738	243,729
Gross exposure	**274,340**	**308,513**	**281,418**
Impairment provisions			
Credit institutions	(350)	(310)	(310)
Customers	(7,256)	(7,564)	(7,166)
Net exposure	**266,734**	**300,639**	**273,942**

1. Excluding repurchase agreements.

◆ *Exposure on given commitments* [1]

In millions of euros, principal end of month	31 December 2010 CM-5 CIC	31 December 2011 CM-10 CIC	31 December 2011 at constant scope of consolidation
Financing commitments given			
Credit institutions	1,721	1,626	1,622
Customers	49,014	52,107	47,814
Guarantee commitments given			
Credit institutions	6,217	2,265	2,258
Customers	10,765	13,677	13,471
Provision for contingencies on commitments	**145**	**139**	**139**

1. Excluding repurchase agreements.

BFCM Group Credit Risk Exposure (balance sheet and off-balance sheet)

The exposure of the BFCM Group is more heavily weighted to exposure to credit institutions, and less to customers, compared to the CM10-CIC Group. This is because the BFCM financing provided to the Local Banks (through the CF de CM) is treated as exposure to credit institutions.

◆ *Exposure* [1]

In millions of euros, principal end of month	31 December 2010	31 December 2011	31 December 2011 at constant scope of consolidation
Loans and receivables			
Credit institutions	64,022	65,227	65,209
Customers	165,167	171,110	170,819
Gross exposure	**229,189**	**236,337**	**236,028**
Impairment provisions			
Credit institutions	(350)	(310)	(310)
Customers	(6,566)	(6,485)	(6,464)
Net exposure	**222,274**	**229,543**	**229,254**

1. Excluding repurchase agreements.

Exposure on given commitments [1]

In millions of euros, principal end of month	31 December 2010	31 December 2011	31 December 2011 at constant scope of consolidation
Financing commitments given			
Credit institutions	1,720	1,622	1,622
Customers	41,047	40,578	39,693
Guarantee commitments given			
Credit institutions	5,061	2,257	2,257
Customers	9,035	13,188	13,188
Provision for contingencies on commitments	**138**	**126**	**126**

1. Excluding repurchase agreements.

Credit to customers

Outstanding amounts

Total loans to customers in the CM10-CIC Group increased 3.4% on a comparable basis from 31 December 2010 to €270.7 billion at 31 December 2011, mainly in medium and long-term loans (4.9% increase in medium or long-term balance sheet outstanding amounts).

Total loans to customers in the BFCM Group increased 3.4% from 31 December 2010 to €171.1 billion at 31 December 2011, mainly in medium and long-term loans (5.4% increase in medium or long-term balance sheet outstanding amounts).

◆ *CM10-CIC Group balance sheet outstanding amounts* [1]

In millions of euros, principal end of month	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC	31 December 2011 at constant scope of consolidation
Short term loans	**58,140**	**61,239**	**58,547**
Current accounts-debit balances	6,942	6,993	6,709
Commercial loans	4,326	5,158	5,103
Treasury facilities	46,582	48,584	46,232
Export credits	289	503	503
Medium- and long-term loans	**166,036**	**197,573**	**174,095**
Equipment loans	34,484	42,526	38,160
Home loans	115,258	137,216	118,999
Finance leases	7,961	8,294	8,294
Other	8,332	9,538	8,642
Total customer gross loans, excluding non-performing loans and accrued income	**224,176**	**258,811**	**232,642**
Non-performing loans	10,933	11,335	10,573
Accrued income	512	591	516
Total customer gross loans	**235,620**	**270,738**	**243,731**

1. Excluding repurchase agreements.

◆ *BFCM Group balance sheet outstanding amounts* [1]

In millions of euros, principal end of month	31 December 2010	31 December 2011	31 December 2011 at constant scope of consolidation
Short term loans	**52,578**	**53,337**	**53,112**
Current accounts-debit balances	6,425	6,220	6,220
Commercial loans	4,307	5,081	5,081
Treasury facilities	41,557	41,534	41,309
Export credits	289	503	503
Medium- and long-term loans	**102,613**	**108,148**	**108,124**
Equipment loans	26,557	29,572	29,572
Home loans	61,298	63,311	63,311
Finance leases	8,011	8,334	8,334
Other	6,746	6,932	6,907
Total customer gross loans, excluding non-performing loans and accrued income	**155,191**	**161,486**	**161,236**
Non-performing loans	9,631	9,282	9,243
Accrued income	346	342	342
Total customer gross loans	**165,168**	**171,110**	**170,822**

1. Excluding repurchase agreements.

CM10-CIC Group and BFCM Group portfolio quality

The Group's customers have solid ratings. At 31 December 2011, on a nine level internal rating scale, customers in the eight best rating categories account for 95% of Group balance sheet outstanding amounts with respect to individual customers, compared with 94.4% at 31 December 2010.

The following table summarizes performing loans to customers for the Group by internal rating, excluding loans provided by foreign branches and foreign entities in the private banking segment.

	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC
A + and A -	31.1%	33.2%
B + and B -	32.6%	33.0%
C + and C -	23.1%	22.0%
D + and D -	10.6%	9.7%
E +	2.5%	2.1%

The following table summarizes performing loans to customers for the BFCM Group by internal rating, excluding loans provided by foreign branches and foreign entities in the private banking segment.

	31 December 2010	31 December 2011
A + and A -	25.4%	26.1%
B + and B -	31.8%	32.9%
C + and C -	27.2%	26.5%
D + and D -	12.8%	12.3%
E +	2.8%	2.2%

The following chart indicates what the Group believes its internal scores correspond to in the credit rating scales of Moody's and Standard & Poor's.

Internal score CM10-CIC and BFCM	Corresponding Moody's Rating	Corresponding Standard & Poors Rating
A +	AAA to Aa1	AAA to AA +
A -	Aa2 to Aa3	AA to AA -
B +	A1 to A2	A + to A
B -	A3 to Baa1	A- to BBB +
C +	Baa2	BBB
C -	Baa3	BBB -
D+	Ba1 to Ba2	BB + to BB
D -	Ba3 to B1	BB- to B +
E +	B2 and <	B and <

Home loans

Group-wide, outstanding amounts of home loans increased by 3.2% on a comparable basis at 31 December 2011 compared to 31 December 2010 and accounted for 51.2% of the total gross balance sheet customer loans at 31 December 2011. In the BFCM Group, outstanding amounts of home loans increased by 3.3% on a comparable basis at 31 December 2011 compared to 31 December 2010 and accounted for 39.3% of the total gross balance sheet customer loans at 31 December 2011. These amounts are spread among a large number of customers and are secured by either real property (or other similar security) or *Crédit Logement* or *Cautionnement Mutuel Habitat*. The following tables summarize the Group's and BFCM's home loans by type of security interest, customer, geographic region and concentration of customer risk.

CM10-CIC Group

In millions of euros, principal end of month	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC
Home loans	115,258	137,216
Secured by *Crédit Logement* or *Cautionnement Mutuel Habitat*	42,667	46,441
Secured by mortgage or other similar security	58,916	68,684
Other securities [1]	13,675	22,091

1. Other risk-level mortgages, pledges, etc.

◆ *Loans by customer type (France only)*

	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC
Retail	76%	77%
Corporates	18%	18%
Large corporates	4%	3%
Specialized financing and other	2%	2%

◆ *Customer credit risk by geographic region*

	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC
France	89%	90%
Europe excluding France	9%	9%
Other countries	1%	1%

BFCM Group

In millions of euros, principal end of month	31 December 2010	31 December 2011
Home loans	61,298	63,311
Secured by *Crédit Logement* or *Cautionnement Mutuel Habitat*	21,062	22,235
Secured by mortgage or other similar security	33,668	33,952
Other securities [1]	6,569	7,124

1. Other risk-level mortgages, pledges, etc.

◆ *Loans by customer type (France only)*

	31 December 2010	31 December 2011
Retail	63%	61%
Corporates	27%	30%
Large corporates	6%	6%
Specialized financing and other	3%	3%

◆ *Customer credit risk by geographic region*

	31 December 2010	31 December 2011
France	85%	92%
Europe excluding France	13%	5%
Other countries	2%	3%

Concentration Risk

At 31 December 2011, the Group's ten largest customer loans amounted to €11.7 billion, less than 3.5% of total on- and off-balance sheet commitments of the CM10-CIC Group. The following tables summarize the concentration of customer risks for both CM10-CIC Group and BFCM.

CM10-CIC Group concentration of customer risks

	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC
Gross commitments in excess of €300 million		
Number of counterparty groups	37	40
Total weighted commitments in millions of euros	23,553	25,685
Of which total statement of financial position in millions of euros	*9,255*	*9,585*
Guarantee and financing commitments in millions of euros	*14,298*	*16,100*
Gross commitments in excess of €100 million		
Number of counterparty groups	118	125
Total weighted commitments in millions of euros	36,673	39,785
Of which total statement of financial position in millions of euros	*15,028*	*16,555*
Guarantee and financing commitments in millions of euros	*21,645*	*23,229*

CM10-CIC Group concentration of customer risks by category

In billions of euros	Exposures at 31 December 2010 CM5-CIC	Average exposures for 2011	Exposures at 31 December 2011 CM10-CIC
Central administrations and central banks	38.5	49.1	48.7
Institutions	50.7	39.4	42.8
Businesses	95.4	100.4	101.9
Retail customers	201.8	229.3	231.3
Shares	3.4	3.6	3.3
Securitization	7.7	6.1	5.7
Other bonds not corresponding to credit obligations	5.3	5.3	5.3
Total	**402.8**	**433.3**	**438.9**

◆ CM10-CIC Group concentration of customer risks by counterparty country

Category of exposure (at 31 December 2010) CM5-CIC	France	Germany	Other member countries of the EEA	Rest of the world	Total
Central administrations and central banks	5.9%	0.5%	2.1%	1.5%	10.0%
Institutions	9.5%	0.3%	1.5%	1.8%	13.1%
Businesses	19.7%	0.8%	2.0%	2.1%	24.7%
Retail customers	45.7%	3.8%	1.5%	1.2%	52.2%
Total	**80.9%**	**5.5%**	**7.1%**	**6.6%**	**100.0%**

Category of exposure (at 31 December 2011) CM10-CIC	France	Germany	Other member countries of the EEA	Rest of the world	Total
Central administrations and central banks	8.7%	0.5%	1.7%	0.8%	11.6%
Institutions	6.8%	0.3%	1.2%	1.1%	9.4%
Businesses	19.1%	0.8%	2.0%	2.0%	23.9%
Retail customers	49.0%	3.4%	1.6%	1.2%	55.2%
Total	**83.6%**	**4.9%**	**6.6%**	**5.0%**	**100.0%**

◆ BFCM Group concentration of customer risks

	31 December 2010	31 December 2011
Gross commitments in excess of €300 million		
Number of counterparty groups	37	40
Total weighted commitments in million euros	23,552	25,667
Of which total statement of financial position in million euros	*9,255*	*9,569*
Guarantee and financing commitments in million euros	*14,298*	*16,098*
Total assets (current accounts, securities) in million euros	**47,105**	**51,334**
Gross commitments in excess of €100 million		
Number of counterparty groups	117	124
Total weighted commitments in million euros	36,570	39,588
Of which total statement of financial position in million euros	*14,952*	*16,429*
Guarantee and financing commitments in million euros	*21,617*	*23,159*
Total assets (current accounts, securities) in million euros	**36,569**	**79,176**

Scope: the BFCM Group.

◆ *CM10-CIC Group sector-based risk distribution*

	31 December 2010 CM5-CIC	31 December 2011 CM10-CIC
Individuals	44.3%	46.3%
Public administration	10.8%	12.5%
Banks and financial institutions	12.3%	9.0%
Distribution	3.7%	3.6%
Real estate	3.1%	3.5%
Individual entrepreneurs	3.2%	3.3%
Holdings, conglomerates	2.9%	2.7%
Construction materials	2.8%	2.6%
Goods and industrial services	2.5%	2.3%
Other financial institutions	2.2%	2.1%
Oil and gas	1.6%	1.5%
Industrial transportation	1.4%	1.4%
Food and beverages	1.5%	1.3%
Agriculture	0.8%	1.3%
Travel and leisure	1.1%	1.1%
Automobile industry	0.8%	0.8%
High-tech	0.9%	0.8%
Health	0.6%	0.6%
Household products	0.7%	0.6%
Utilities	0.6%	0.6%
Others	2.2%	2.0%
Total	**100.00%**	**100.00%**

Amount at risk and cost of risk

The Group's doubtful loans increased 3.7% to €11,335 million at 31 December 2011 from €10,933 million at 31 December 2010 (but decreased 3.3% on a comparable basis). These loans accounted for 4.2% of balance sheet customer loans as of 31 December 2011 compared to 4.6% as of 31 December 2010. At 31 December 2011, the cost of risk represented 0.380% of the gross outstanding amount of customer loans compared to 0.539% at 31 December 2010.

The BFCM Group's doubtful loans decreased 4.0% on a comparable basis to €9,282 million at 31 December 2011 from €9,631 million at 31 December 2010. These loans accounted for 5.4% of balance sheet customer loans as of 31 December 2011 compared to 5.8% as of 31 December 2010. At 31 December 2011, the cost of risk represented 0.529% of the gross outstanding amount of customer loans compared to 0.717% at 31 December 2010.

◆ CM10-CIC Group

In millions of euros, principal end of month	31 December 2010 [1] CM5-CIC	31 December 2011 CM10-CIC	31 December 2011 at constant scope of consolidation
Individually impaired receivables	10,933	11,335	10,573
Provision for individually impaired receivables	6,849	7,038	6,668
Provision for collectively impaired receivables	407	526	498
Coverage ratio	66.4%	66.7%	67.8%
Coverage ratio (provision for individual impairments only)	62.6%	62.1%	63.1%

1. Including TARGOBANK Germany, the Cofidis Group and TARGOBANK Spain.

The following tables summarize information regarding overdue but not impaired customer loans outstanding at 31 December 2010 and 2011 for the CM10-CIC Group.

◆ CM10-CIC Group

31 December 2010 CM5-CIC *In millions of euros*	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	Total
Debt instruments [1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**3,984.3**	**33.8**	**3.5**	**1.5**	**4,023.0**
Governments	5.4	0	0	0	5.4
Credit institutions	12.4	0	0	0	12.4
Non-financial institutions	11.1	0	0	0	11.1
Large corporate	448.5	5.0	0.8	0	454.2
Retail customers	3,506.9	28.8	2.8	1.5	3,539.9
Total	**3,984.3**	**33.8**	**3.5**	**1.5**	**4,023.0**

1. Available-for-sale or held-to-maturity debt securities.

31 December 2011 CM10-CIC *In millions of euros*	< 3 months	> 3 months < 6 months	> 6 months < 1 year	> 1 year	Total
Debt instruments [1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**4,141.5**	**47.2**	**1.4**	**2.4**	**4,192.4**
Governments	3.6	0	0	0	3.6
Credit institutions	17.8	0	0	0	17.8
Non-financial institutions	26.7	0	0	0	26.7
Large corporate	520.2	1.9	0	2.4	524.4
Retail customers	3,573.2	45.3	1.4	0.04	3,619.9
Total	**4,141.5**	**47.3**	**1.4**	**2.4**	**4,192.4**

1. Available-for-sale or held-to-maturity debt securities.

The following tables summarize information regarding impaired customer loans outstanding at 31 December 2010 and 2011 for the BFCM Group.

◆ *BFCM Group*

In millions of euros, principal end of month	**31 December 2010 [1]**	**31 December 2011**	**31 December 2011 at constant scope of consolidation**
Individually impaired receivables	9,631	9,282	9,243
Provision for individually impaired receivables	6,225	6,048	6,028
Provision for collectively impaired receivables	341	437	437
Coverage ratio	68.2%	69.9%	69.9%
Coverage ratio (provision for individual impairments only)	64.6%	65.2%	65.2%

1. Including TARGOBANK Germany, the Cofidis Group and TARGOBANK Spain.

31 December 2010 *In millions of euros*	**< 3 months**	**> 3 months < 6 months**	**> 6 months < 1 year**	**> 1 year**	**Total**
Debt instruments [1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**1,698.8**	**17.7**	**3.2**	**1.5**	**1,721.2**
Governments	5.4	0	0	0	5.4
Credit institutions	12.4	0	0	0	12.4
Non-financial institutions	8.7	0	0	0	8.7
Large corporates	272.5	5.0	0.8	0	278.2
Retail customers	1,399.8	12.8	2.4	1.5	1,416.5
Total	**1,698.8**	**17.7**	**3.2**	**1.5**	**1,721.2**

1. Available-for-sale or held-to-maturity debt securities.

31 December 2011	**< 3 months**	**> 3 months < 6 months**	**> 6 months < 1 year**	**> 1 year**	**Total**
Debt instruments [1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**1,588.9**	**24.0**	**0.9**	**2.4**	**1,615.4**
Governments	1.2	0	0	0	1.2
Credit institutions	17.8	0	0	0	17.8
Non-financial institutions	3.2	0	0	0	3.2
Large corporates	292.4	1.9	0	2.4	296.7
Retail customers	1,274.2	22.1	0.9	0	1,296.5
Total	**1,588.9**	**24.0**	**0.9**	**2.4**	**1,615.4**

1. Available-for-sale or held-to-maturity debt securities.

Interbank loans

On 31 December 2011, interbank loan exposure was concentrated on European banks, particularly France, Germany and the United Kingdom. The Group continued to reduce its exposure in the most sensitive European banking systems. Exposure in other countries relates to large North American banks.

Interbank loan exposure of the BFCM Group distributed by internal rating changed noticeably in 2010, with a considerable increase in A- rated amounts (external equivalent of AA/AA-) and a decrease in B- rated amounts (external equivalent of A- or below). This shift is related to the ratings increase of several large OECD banks following the recovery or stabilization of their financial position. The Group's interbank loan exposure by rating in the A or B ratings categories (external equivalent of at least A-) amounts to nearly 91% at 31 December 2011, compared to 79% at 31 December 2010.

The following tables summarize interbank loans by geographic region, based on the country of the parent company, and interbank loans by internal rating at 31 December 2010 and 2011.

Unaudited	31 December 2010	31 December 2011
France	28.5%	47.6%
Europe excluding France	35.9%	31.7%
Other countries	35.6%	20.7%

Banks only, excluding TARGOBANK Germany and Cofidis.

Internal score	External rating	31 December 2010	31 December 2011
A +	AAA/AA +	0.6%	0.4%
A -	AA/AA -	28.5%	25.4%
B +	A +/A	43.7%	52.5%
B -	A -	6.3%	12.7%
C and below	BBB + and below	19.5%	8.9%
Not rated		1.4%	0.0%

Banks only, excluding TARGOBANK Germany and Cofidis.

Sovereign risk

On 31 December 2011, the Group's exposure to sovereign risk included the following net risks: Italy (approximately €4.5 billion), Greece (approximately €206 million), Portugal (approximately €154 million), Spain (approximately €261 million) and Ireland (approximately €99 million). See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Introduction—Certain Factors Affecting Results of Operations and Financial Condition—European Sovereign Debt Exposure" for more information.

Securities, derivatives and repurchase agreements

The following tables summarize the CM10-CIC Group's and BFCM Group's holdings of debt securities and similar instruments at 31 December 2010 and 2011.

CM10-CIC Group

In millions of euros, principal end of month	31 December 2010 CM5-CIC Book value	31 December 2011 CM10-CIC Book value
Government securities	16,769	16,802
Bonds	80,077	80,343
Derivative instruments	2,656	3,294
Repurchase agreements and securities lending	11,131	8,969
Gross exposure	**110,633**	**109,408**
Provisions for impairment of securities	(102)	(212)
Net exposure	**110,530**	**109,196**

BFCM Group

In millions of euros, principal end of month	31 December 2010 Book value	31 December 2011 Book value
Government securities	16,769	16,795
Bonds	71,054	71,823
Derivative instruments	2,745	3,634
Repurchase agreements and securities lending	11,131	8,969
Gross exposure	**101,699**	**101,220**
Provisions for impairment of securities	(94)	(191)
Net exposure	**101,606**	**101,029**

Balance Sheet Risk

Through the effective management of balance sheet risk, the Group aims to insulate commercial margins from interest and exchange rate variations and to maintain a liquidity level that will enable the Group to meet its obligations and protect it from a possible liquidity crisis. Hedging decisions are aimed at maintaining the risk indicators within set limits, both on a Group level and also at the business unit level, on a need basis. Balance sheet management risk indicators are presented every quarter to the Group's Risks Committee.

The Group has two decision-making committees to manage liquidity and interest rate risk. The ALM Technical Committee meets on a quarterly basis and is composed of the managers of relevant departments, such as the financial, balance sheet, refinancing and cash flow, and risks departments. The committee determines the risk limits applicable to the Group by reviewing static and dynamic liquidity gaps, static rate gaps and sensitivities of the net banking income and net current value indicators, by business unit and on a consolidated level. The ALM Monitoring Committee is made up of Group managers and examines the changes in balance sheet management risks and approves risk limits.

Interest Rate Risk

CM10-CIC Group and BFCM Group's commercial activities generate interest rate risk, creating rate and reference index differences between source and application of funds. The Group uses a combination of macro hedging and specific hedging, in the case of high value or uniquely structured operations, in accordance with risk limits set in relation to the annual bank operating profit for each bank and for the Group. Interest rate risk analysis is applied to the specific indicators, updated on a quarterly basis, and four scenarios are calculated, one of which presents a stress scenario.

Interest rate risk is analyzed on the basis of the main indicators below on a quarterly basis:

- the static fixed-rate gap, corresponding to items in the balance sheet, both assets and liabilities, whose cash flows are considered to be certain over a one to ten year horizon, governed by limits from three to seven years, measured by a net banking income ratio;
- the static "inflation" gap over a one to ten year horizon;
- the sensitivity of the net interest margin, calculated based on national scenarios and enclosed within limits. It is measured in annual steps, over a two-year horizon and is expressed as a percentage of each entity's net banking income. The Group calculates four scenarios: (1) a 1% increase in market interest rates and a 0.33% increase in inflation (the core scenario); (2) a 1% increase in market interest rates and stable inflation; (3) a 2% increase in market interest rates and a 0.66% increase in inflation; and (4) a 3% increase in short interest rates, a 1% decline in long rates and stable inflation (the stress scenario);

– As of 31 December 2011, net interest income of the BFCM Group and the CM10-CIC Group were, under the core scenario, exposed to a drop in interest rates. Interest rate sensitivity in the BFCM Group, excluding refinancing activity, was -€140.4 million in year 1 and -€166.2 million in year 2, equivalent to 3.2% and 3.6% of forecast net banking income for each year, respectively. Interest rate sensitivity in the CM10-CIC Group, excluding the holding company, was -€151.1 million in year 1 and -€252.7 million in year 2, equivalent to 2.2% and 3.6% of forecast net banking income for each year, respectively.

– The risk limits set at 3% of net banking income in one year and 4% in two years were complied with. Indicators of sensitivity to rising interest rates in the CM10-CIC Group and BFCM were as follows:

Sensitivity of net banking income (in %)	1 year	2 years
Scenario 1	2.2	3.6
Scenario 2	3.4	5.4
Scenario 3	4.1	6.8
Scenario 4	4.4	4.2

- The sensitivity of net asset value (NAV) arising from the application of the standard Basel II indicator. The CM10-CIC Group and BFCM Group both apply increases and decreases of 200 base points to the entire balance sheet to measure as a percentage of equity the change in the net discounted value of the main balance sheet items based on such scenarios.

Sensitivity of net current value of the CM10-CIC Group and the BFCM Group	in % of equity
Sensitivity + 200 bps	+ 0.1%
Sensitivity - 200 bps	+ 1.1%

The following table summarizes static fixed-rate gap for the BFCM Group.

In millions of euros	At 31 December 2011	1 year	2 years	5 years	10 years
Interbank assets	76,107	3,641	1,966	603	432
Loans	142,310	85,245	67,415	36,188	13,199
Securities	19,757	1,762	1,355	408	246
Long-term investments	17,073	14,514	14,405	14,383	13,683
Other assets	12,673	482	426	351	303
Total assets	**267,920**	**105,644**	**85,567**	**51,933**	**27,863**
Interbank liabilities	(93,879)	(6,336)	(5,846)	(777)	(494)
Deposits	(106,294)	(45,075)	(35,470)	(19,911)	(8,997)
Securities	(35,527)	(24,658)	(21,938)	(11,438)	(1,773)
Shareholders' equity	(15,724)	(15,447)	(15,447)	(15,447)	(15,447)
Other liabilities	(10,824)	(405)	(405)	(405)	(405)
Total liabilities	**(262,248)**	**(91,920)**	**(79,107)**	**(47,978)**	**(27,116)**
Total statement of financial position	**5,672**	**13,724**	**6,459**	**3,954**	**747**
Off-statement of financial position items – financial assets	65,538	23,004	20,513	8,849	1,810
Off-statement of financial position – financial liabilities	(66,803)	(28,828)	(24,114)	(9,594)	(208)
Total off-statement of financial position	**(1,265)**	**(5,825)**	**(3,601)**	**(745)**	**1,602**
Grand total	**4,407**	**7,899**	**2,859**	**3,209**	**2,348**

Liquidity Risk

The Group works in close collaboration with BFCM, which takes charge of the long-term funding needs of the Group, in the management of its liquidity risk. The CM10-CIC Group and the BFCM Group apply the following guidelines in managing liquidity risk:

- Applying the French regulatory one month liquidity ratio or other locally applicable ratio to each entity in the Group on a stand-alone basis.
- Maintaining a liquidity buffer of assets that are transferrable and eligible as collateral for loans from the European Central Bank, covering more than one month of total closure of the markets and client stress, which can be mobilized within a few days to cover up to 85% of short term funding requirements.

- Limiting transformation ratios for commercial banking, with 90% matched by time bands from 3 months to 7 years.
- Limiting reliance on the interbank lending market.
- Diversifying funding sources by type of investors, by geographical market and by currency.

The ALM Technical Committee determines the liquidity hedging operations to be implemented in respect of all indicators.

The following tables break down the CM10-CIC Group's consolidated statement of financial position by residual maturity of future contractual cash flows (principal and interest)

2010

In millions of euros	Residual contractual maturities ≤ 1 month [(a)]	> 1 month ≤ 3 months	> 3 months ≤ 1 year
Assets			
Trading financial assets	660	690	3,223
Financial assets at fair value through profit or loss	3,914	3,076	1,488
Derivative instruments used for hedging purposes – assets	10	4	8
Available-for-sale financial assets	620	428	1,862
Loans and receivables (incl. Finance leases)	38,040	10,015	18,261
Held-to-maturity investments	7	43	30
Other assets	616	11,868	2,045
Liabilities			
Central banks deposits	11	7	24
Trading financial liabilities	636	119	1,111
Financial liabilities at fair value through profit or loss	9,919	7,999	7,168
Derivative instruments used for hedging purposes – liabilities	24	8	578
Financial liabilities carried at amortized cost	142,013	41,171	33,630

Excluding insurance activities.

(a) Includes accrued interest and securities given and received under repurchase agreements.

(b) Includes undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions. For marked to market financial instruments, also includes differences between fair value and redemption value.

Residual contractual maturities > 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity [b]	Total
3,193	4,543	4,935	1,172	18,416
57	1,368	36	679	10,617
17	58	31	8	135
3,773	10,682	8,621	3,612	29,598
25,128	54,874	120,737	2,331	269,385
27	268	623	0	998
13	37	13	517	15,110
2	0	0	0	44
693	2,870	1,878	4	7,312
0	0	0	0	25,086
173	743	913	633	3,073
21,684	32,324	22,962	3,709	297,492

2011

In millions of euros	Residual contractual maturities ≤ 1 month [(a)]	> 1 month ≤ 3 months	> 3 months ≤ 1 year
Assets			
Trading financial assets	467	294	3,205
Financial assets at fair value through profit or loss	5,276	1,060	890
Derivative instruments used for hedging purpose – assets	3	1	831
Available for sale financial assets	338	248	2,874
Loans and receivables (incl. Finance leases)	38,340	10,179	22,225
Held-to-maturity investments	32	2,878	2,036
Other assets	915	13,251	1,491
Liabilities			
Central banks deposits	16	13	67
Trading financial liabilities	577	126	1,065
Financial liabilities at fair value through profit or loss	9,959	6,273	6,163
Derivative instruments used for hedging purposes – liabilities	11	5	597
Financial liabilities carried at amortized cost	157,372	34,201	32,995

Excluding insurance activities.

(a) Includes accrued interest and securities given and received under repurchase agreements.

(b) Includes undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions. For marked to market financial instruments, also includes differences between fair value and redemption value.

	Residual contractual maturities				
	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity [b]	Total
	4,259	4,538	2,968	465	16,197
	23	2,030	4	60	9,343
	27	41	24	8	935
	3,102	10,439	7,034	2,880	26,915
	25,576	60,696	143,585	1,845	302,445
	142	715	42	0	5,845
	5	45	15	1,011	16,734
	47	95	44	0	282
	839	2,522	1,503	11	6,642
	0	0	0	0	22,395
	318	752	1,289	951	3,923
	21,607	55,899	29,085	4,092	335,252

The following tables break down the BFCM Group's consolidated statement of financial position by residual maturity of future contractual cash flows (principal and interest).

2010

In millions of euros	Residual contractual maturities ≤ 1 month [(a)]	> 1 month ≤ 3 months	> 3 months ≤ 1 year
Assets			
Trading financial assets	660	690	3,304
Financial assets at fair value through profit or loss	3,914	3,076	1,488
Derivative instruments used for hedging purpose – assets	10	4	8
Available for sale financial assets	581	428	1,859
Loans and receivables (incl. Finance leases)	40,975	18,478	18,504
Held-to-maturity investments	7	43	30
Other assets	453	11,603	2,025
Liabilities			
Central banks deposits	11	7	24
Trading financial liabilities	636	119	1,111
Financial liabilities at fair value through profit or loss	9,919	7,999	7,168
Derivative instruments used for hedging purposes – liabilities	24	8	593
Financial liabilities carried at amortized cost	118,849	39,783	31,368

Excluding insurance activities.

(a) Includes accrued interest and securities given and received under repurchase agreements.

(b) Includes undated debt securities, non-performing loans, loans in litigation and impairment provisions.
For marked to market financial instruments, also includes differences between fair value and redemption value.

	Residual contractual maturities > 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity [b]	Total
	3,194	4,551	4,939	1,172	18,509
	57	1,368	36	679	10,617
	16	58	31	6	134
	3,772	10,680	8,618	3,219	29,157
	20,065	49,749	75,020	2,147	224,939
	27	268	623	0	998
	10	19	13	201	14,324
	2	0	0	0	44
	693	2,870	1,875	0	7,305
	0	0	0	0	25,086
	173	743	911	4	2,457
	17,272	28,026	18,384	7,841	261,522

2011

In millions of euros	Residual contractual maturities ≤ 1 month [(a)]	> 1 month ≤ 3 months	> 3 months ≤ 1 year
Assets			
Trading financial assets	467	294	3,207
Financial assets at fair value through profit or loss	5,276	1,060	890
Derivative instruments used for hedging purpose – assets	3	1	1,004
Available for sale financial assets	324	248	2,873
Loans and receivables (incl. Finance leases)	39,938	17,569	20,239
Held-to-maturity investments	32	2,878	2,036
Other assets	722	12,855	1,479
Liabilities			
Central banks deposits	16	13	67
Trading financial liabilities	577	126	1,106
Financial liabilities at fair value through profit or loss	9,959	6,273	6,163
Derivative instruments used for hedging purposes – liabilities	11	5	598
Financial liabilities carried at amortized cost	117,216	33,901	28,887

Excluding insurance activities.
For marked to market financial instruments, also includes differences between fair value and redemption value.

(a) Includes accrued interest and securities given and received under repurchase agreements.
(b) Comprises undated debt securities, equities, non-performing loans, loans in litigation and impairment provisions.

Residual contractual maturities				
> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
4,268	4,569	3,104	465	16,374
23	2,030	4	60	9,343
27	40	24	1	1,099
3,101	10,438	7,031	1,684	25,699
20,369	53,299	78,550	1,439	231,403
142	715	42	0	5,845
2	17	15	379	15,469
47	95	44	0	282
839	2,522	1,502	4	6,676
0	0	0	0	22,395
319	753	1,287	2	2,974
16,676	47,850	23,615	6,450	274,594

Exchange Rate Risk

The Group automatically centralizes exchange rate positions in the CIC holding organization and BFCM on a daily basis for commercial transfer operations and for receipts and payments of foreign exchange income and expenditure, and on a monthly basis for unrealized gains or losses in foreign exchange, which are converted into euros. With the exception of the activities of CM-CIC Marchés and certain capital and long-term investments operations in foreign exchange, no business unit of the Group bears a foreign exchange risk on its own. Structural exchange rate positions that result from foreign currency allowances to foreign branches remain at the foreign branch level and are totalled with the branch's profits.

Equity Risk

The Group's equity risk falls under the following categories:

- Assets at fair value through profit or loss: these include financial assets held by the Group for shortterm profit, measured at fair value, with any resultant gain or loss recognized in the profit or loss statement. The Group's share portfolio held at fair value amounted to €473 million at 31 December 2011 compared to €1,171 million at 31 December 2010.

– For the CM10-CIC Group, equity recorded at fair value through profit or loss amounted to €1,896 million under the fair value option, most of which relates to private equity activity, and €9,654 million in shares held by the insurance company GACM, which the Group uses to be consistent with liabilities, which are recorded at fair value per applicable regulations.

– For the BFCM Group, equity recorded at fair value through profit or loss amounted to €1,877 million under the fair value option, of which €1,840 million is integral to the private equity business. €8,606 million in equity is held by the insurance company GACM, in accordance with regulatory treatment applying to liabilities.

- Available-for-sale financial assets: the Group held €5,531 million in financial assets designated as available-for-sale and €2,244 million in long-term investments. The BFCM Group held €4,438 million in financial assets designated as available-for-sale and €1,988 million in long-term investments. These assets are carried at fair value with unrealized gains or losses included in accumulated other comprehensive income until realized, at which time the cumulative gain or loss is transferred to earnings.
- Long-term investments: these comprise equity interests in the amount of €1,529 million (including, equity interests in Banca Di Legnano, Foncières des Régions and the Caisse de Refinancement de l'Habitat), investments worth €435 million in affiliated companies and €277 million in long-term shares (including shares in Veolia Environnement).
- Diminution in value of shares: the Group reviews its equity investments periodically to identify significant or prolonged drops in value. In 2011, the Group recognized a €150 million drop in the value of its equity investments, compared with €46 million in 2010. On 31 December 2011, the historical cost of shares with diminished value amounted to €4,739 million, the corresponding diminution in value reaching €2,286 million.

Market Risk and Asset-Liability Management Risk

Organization of Market Risk Management

CM-CIC Marchés' market activities are supervised by a member of the board of directors who reports to the boards of directors of CIC and BFCM. In addition, its operational units are separate from the control units that monitor risks and results and are in charge of approvals, settlement and accounting entries. The control units are supervised by the Group's Risk Department, which prepares indicators with summaries of risk exposures and seeks the approval of allocated or consumed equity levels by the board of directors of BFCM and the board of directors of CIC.

Two levels of controls provide continuous and systematic monitoring of market activities. First-level control is performed by three groups: results risks, accounting and regulatory controls, and the CM-CIC Marchés legal team. Second-level control is performed by four groups: the continuous monitoring of market businesses group, the CIC credit policy department, the CIC legal and tax departments, and the CIC finance department. Finally, periodic control of the trades of the CM10-CIC Group is performed by a specialized team of inspectors responsible for periodic control and market activities compliance. The Market Risks Committee meets on a monthly basis and tracks the strategy, results and risks of CM-CIC Marchés within limits set by the CIC board of directors and the BFCM board of directors.

The market risk limits system is supported by an overall regulatory equity limit (Capital Adequacy Directive (CAD)) and Value-at-Risk (VaR) limit; and internal rules and scenarios (CAD risks, VaR history and stress tests) that can convert exposures into potential losses. The limits system covers different types of market risks, which are further divided into sub-limits by type of risk for each of the areas of activity. CM-CIC Marchés tracks risks by means of first-level indicators, such as sensitivity to different market risk factors, mainly intended for operators, and second-level indicators, such as potential losses, which provide a more overall view and are directly accessible to the decision-making bodies.

In 2011, the equity allocated to own account businesses and sales in France remained stable compared to 2010. In addition, the consumption of equity by the residential mortgage-backed securities (RMBS) activity carried out in the New York branch decreased along with the amortization of securities in the run-off portfolio. Trading activities are maintained within reduced limits under the supervision of CM-CIC Marchés.

The daily cash position of CM-CIC Marchés may not exceed a limit with an intermediate alert level, as defined by the management and approved by the board of directors. The refinancing period of the assets in the portfolio is also subject to monitoring and limits. The main front office risks comprise the following activities:

- Refinancing: BFCM market risks are calculated on a regulatory basis on the basis of CAD and RES and are generated by the possibility of exposure to rate risk, and by the credit risk of the liquidity portfolio. In 2011, CAD risk consumption decreased to €95 million from €110 million in 2010, mainly due to lower RES, and was partially offset by a higher CAD. Lower RES is due to the improved ratings of the counterparties and the maturity date of the operations of the banking portfolio during the first half of the year.
- Hybrids: CAD risk consumption reached an average of €71 million in 2011 and €74 million in December 2011, mainly due to overall long positions on proprietary

trading activities. The stock of convertible bonds reached €2.5 billion at the end of 2011 compared to €2.8 billion in 2010.

- Credit: positions are either securities/CDS arbitrages, credit correlation positions (ItraXX/CDX tranches) or ABS positions. CAD risk consumption remained stable around €40 million in the credit arbitrage portfolio until September 2011, before decreasing to €34 million in December 2011. CAD risk consumption in the ABS portfolio remained stable around €70 million throughout 2011, before increasing to €92 million at 31 December 2011 from €38 million at 31 December 2010. The €20 million increase at the end of 2011 was mainly due to the implementation of CRD3 on securitization portfolios at 31 December 2011. In credit correlation activities, based exclusively on Itraxx/CDX tranches, risk fluctuated slightly and CAD consumption remained stable at €15 million on average in 2011.
- M&A and miscellaneous actions: CAD risk consumption reached €42 million on average in 2011, before decreasing to €32 million in December 2011. The M&A amount outstanding increased to €256 million at 31 December 2011 from €283 million at 31 December 2010.
- Fixed income: positions consist of yield curve arbitrage, most often with securities vehicles essentially of European states. The Group has very limited exposure to European state securities, including Greece (for which the Group made provisions of over 70% at year-end 2011). The Group's exposure to Italy has been reduced by approximately 40% in the last two years, to approximately €3 billion, most of which matures in 2012 and 2014. The amount outstanding of state securities decreased to €8.8 billion at the end of 2011 (of which €4.8 billion are French state securities) compared to €9.5 billion in 2010.

Operational Risk

Regulatory Framework

Operational risk management is governed by a strict regulatory framework:

- Basel II, which requires the allocation of capital to operational risk;
- Regulation CRBF 97-02 as amended, which requires implementation of a risk management system covering all types of risk and an internal control system that ensures the effectiveness and quality of the Group's internal operations, the reliability of internal and external information, the security of transactions and compliance with all laws, regulations and internal policies.

Objectives and Principles

Under the prudential regulations of Basel II, the Group has implemented a complete system to manage operational risks, both at regional and national levels, using a unique risk referential and common quantitative evaluation method. The Group's operational risk management system covers operational risks, business continuity plans and insurance covering those risks. As of 1 January 2012, the Group has permission from the relevant authorities to use its advanced measurement approach to calculate regulatory capital requirements with respect to operational risks of French entities, with the exception of Cofidis.

The Group's policy for the management of operational risks aims to contribute to:

- controlling overall costs and risks;
- protecting Group personnel by developing a sense of responsibility, autonomy and control, while capitalizing on the expertise within the Group;
- protecting margins by closely managing operational risks on all activities, optimizing the equity allocated to the cost of risk and adapting the insurance programs to the identified risks; and
- providing an effective response to the statutory requirements of Basel II and to requests of regulatory authorities, optimizing the continuation plans of vital activities, and improving financial communication in the spirit of Pillar 3 of Basel II.

Measurement and Control Systems

The Group relies on a national database of internal losses, an external database and on scenarios developed as part of mapping and statistical work carried out in accordance with common procedures and regulatory requirements. Homogeneous risks by business line, type of risk and risk object are mapped for all activities with assessments based on expert opinions, and then on probabilistic models. The Technical Committee on Operational Risks approves the models. The equity allowance is calculated nationally and then distributed regionally.

General orientation for the reduction of operational risks includes:

- efficient preventive actions, identified in the course of modeling that is directly implemented by the operations team long with permanent monitoring and quality control; and
- protective actions that are part of continuation plans on trade sectors, logistics and systems for vital activities so as to limit the serious effects of a disaster or similar major loss event.

The implementation of the policy for management of operational risks and risk profile are monitored using key indicators, limits and alerts covering estimated potential risks, the risk of total loss, the efficiency of the chosen reduction and financing measures. These indicators and limits are the subject of regular communication with the executive management and governing bodies.

Documentation and Procedures

The Group has a set of procedures that are validated by management and regularly updated. Governance procedures cover the roles and responsibilities of the managing, decision-making and steering bodies, the national function, the frequency and addressees of reports, the scope of the tracking of Group entities, and the subsidiary integration methodology. Loss collection procedures state the rules for collecting and controlling internal losses. Measurement system procedures relate to modeling based on expert opinion and probabilities, Key Risk Indicator collection rules, keys for the distribution of equity requirements, COREP declarations.

Activity Continuation Plans

Activity Continuation Plans, or PCA, are part of the protective actions implemented by the Group to limit the seriousness of a loss within the program for the management of operational risks. The methodology for setting up a PCA is accessible to all PCA teams and is implemented at the regional group level. There are two types of PCAs: the PCA by trade, which concern a given bank trade linked to one of the trade lines of Basel II, and the transversal PCA, which apply to trades for which the object is to provide other trades with the means to function, such as logistics, HR and IT business continuity plans. A PCA is divided into three phases: first, the contingency plan is immediate and includes all actions dealing with the treatment of matters of urgency and the implementation of the backup solution; second, the continuation plan applies in the case of the resumption of activity in a downgraded environment in accordance with the terms defined before the occurrence of the crisis; and third, the recovery plan, whose implementation takes place shortly after the start of the continuation plan and whose length depends on the extent of the damage.

Crisis Management

The crisis management system implemented at the Group level covers communication and the most effective organization to deal with the three phases of the crisis: contingency plan, continuation plan, and recovery plan. The system relies on:

- a Crisis Committee that makes the vital decisions, prioritizes actions and handles internal and external communication. The chairman is the general manager of the regional division on a regional level, and the general manager of the Group on a national level;
- a crisis team that centralizes information, implements and follows-up on the decisions of the Crisis Committee;
- a crisis unit per trade that coordinates crisis management operations on the field with the crisis team and particularly the activation of the PCA until the situation returns to normal.

Insurance

Financial operational risks programs are reviewed against the results of risk evaluations, after reduction of risks and on the basis of the following principles:

- insuring the severe and major risks that can be insured, and developing self-insurance for the Group for amounts included in a deductible and for intra-group risks;
- insuring frequency risks when justified or self-insuring them through provisions in the income statement;
- severe non-insurable risks and the non-insured balance are covered by the prudential equity reserves;
- major risks of inter-bank payment and exchange systems are covered by liquidity reserve funds allocated by the system.

The Group is insured against damage to property and carries overall insurance for banking or fraud and professional third-party liability insurance, which it intends to use in order to reduce regulatory equity consumption for operational risks.

Training

Every year, the Group offers operational risks training for its network directors, internal controllers and operational staff responsible for tracking the Group's risks.

Inventory of Losses

In 2011, the CM10-CIC Group suffered total operational losses of €55.8 million: of which €112.8 million in losses and €57 million in reversals of provisions in respect of prior-year losses, of which €29.1 million was caused by fraud, €4.6 million by business relationship, €19.9 million by legal risks and €3.5 million due to natural phenomena and malfunctioning of systems, partially offset by reversal of provisions of €1.4 million by human error or procedure failures.

In 2011, the BFCM Group suffered total operational losses of €57.7 million: €70.4 million in losses and €12.6 million in reversals of provisions in respect of prior-year losses, of which €23.9 million was caused by fraud, €2.6 million by business relationship, €11.7 million by human error or procedure failures, €17 million by legal risks, and €2.3 million due to natural phenomena and malfunctioning of systems.

Selected Exposures based on the Financial Stability Board Recommendations

The following tables break down our exposures to certain financial products at 31 December 2010 and 2011, based on Financial Stability Board Recommendations.

SECURITIZATION *In millions of euros*	**Book Value 31/12/2010 (CM5-CIC)**	**Book Value 31/12/2011 (CM10-CIC)**	**Book Value 30/06/2012 (CM11-CIC)**
RMBS	5,579	3,985	2,855
CMBS	458	366	369
CLO	1,887	1,543	1,106
Other ABS	849	897	616
CLO covered by CDS	833	721	701
Other ABS covered by CDS	49	28	26
Liquidity Lines	334	351	321
Total	**9,989**	**7,890**	**5,994**

Unless otherwise indicated, the securities are covered by CDS.

31 December 2010 (CM5-CIC) *In millions of euros*	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,819	306	23	343	2,491
Available for sale	1,835	147	29	287	2,298
Loans	1,925	5	1,835	219	3,984
Total	**5,579**	**458**	**1,887**	**849**	**8,773**
France	14	1	0	407	422
Europe, excluding France	2,803	84	889	398	4,174
United States	2,366	291	998	0	3,655
Other	396	82	0	44	522
Total	**5,579**	**458**	**1,887**	**849**	**8,773**
Agencies	1,075	0	0	0	1,075
AAA	2,984	346	1,070	601	5,001
AA	322	92	600	78	1,092
A	69	20	179	7	275
BBB	71	0	26	150	247
BB	43	0	12	13	68
Less than or equal to B	1,015	0	0	0	1,015
Not rated	0	0	0	0	0
Total	**5,579**	**458**	**1,887**	**849**	**8,773**

31 December 2011 (CM10-CIC) *In millions of euros*	**RMBS**	**CMBS**	**CLO**	**Other ABS**	**Total**
Trading	1,173	353	26	366	1,917
Available for sale	966	13	192	227	1,399
Loans	1,845	0	1,325	304	3,474
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
France	14	2	0	354	369
Spain	305	0	20	206	531
United Kingdom	413	30	0	52	496
Europe, excluding France, Spain and United Kingdom	1,306	0	694	144	2,144
United States	1,795	320	828	121	3,064
Other	151	13	0	21	186
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
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
Less than or equal to B	1,211	8	0	131	1,350
Not rated	0	0	0	0	0
Total	**3,985**	**366**	**1,543**	**897**	**6,791**

30 June 2012 (CM11-CIC) *In millions of euros*	RMBS	CMBS	CLO	Other ABS	Total
Trading	958	298		387	1,643
Available for sale	668	71	185	88	1,012
Loans	1,229		921	141	2,291
Total	**2,855**	**369**	**1,106**	**616**	**4,946**
France	3	2		366	371
Spain	112		5	102	219
United Kingdom	436	17		51	504
Europe, excluding France, Spain and United Kingdom	793	65	686	71	1,615
United States	1,395	279	415	26	2,115
Other	116	6			122
Total	**2,855**	**369**	**1,106**	**616**	**4,946**
Agencies	491				491
AAA	614	269	295	318	1,496
AA	513	17	717	145	1,392
A	125	79	62	87	353
BBB	72		14	15	101
BB	156		18	21	195
Less than or equal to B	884	4		30	918
Not rated					
Total	**2,855**	**369**	**1,106**	**616**	**4,946**

RMBS USA *In millions of euros*	Book Value 31/12/2010 (CM5-CIC)
Origination in 2005 and before	461
Origination in 2006	603
Origination in 2007	593
Origination since 2008	709
Total	**2,366**

Book Value 31/12/2011 (CM10-CIC) *In millions of euros*	**RMBS**	**CMBS**	**CLO**	**Other ABS**	**Total**
Origination in 2005 and before	943	28	39	207	1,217
Origination in 2006	1,153	119	595	111	1,978
Origination in 2007	1,125	174	550	183	2,032
Origination since 2008	764	45	358	396	1,563
Total	**3,985**	**366**	**1,542**	**897**	**6,790**

Book Value 30/06/2012 (CM11-CIC) *In millions of euros*	**RMBS**	**CMBS**	**CLO**	**Other ABS**	**Total**
Origination in 2005 and before	560	129	2	43	734
Origination in 2006	656	94	359	59	1,168
Origination in 2007	931	140	414	76	1,561
Origination since 2008	708	6	331	438	1,483
Total	**2,855**	**369**	**1,106**	**616**	**4,946**

Commitments on Monoline Insurer *In millions of euros*	**Book Value 31/12/10**
Ambac	15
MBIA	4
FGIC	21
Total	**40**

LBO *In millions of euros*	Book Value 31/12/10
Breakdown by geographic zone of financing structures	
France	1,671
Europe (excluding France)	408
United States	127
Other	70
Total	**2,276**
Breakdown by sector of financing structures	
Industrial transport	28
Industrial goods and services	16
Health	10
Travel and leisure	10
Construction	9
Telecommunications	6
Other (<5%)	21
Total	**100**

Information on monoline and LBO exposure is not available as of a date after 31 December 2010.

Additional Pillar 3 information, including rating information, can be found in the document entitled "CMC10-CIC Annual Report" on the Group's website. This document is not incorporated by reference in the present Information Document.

Other Risks

Legal Risks

The Group's legal risks are integrated into its operational risks and mainly relate to exposures to fines, penalties and damages for faults attributable to the Group as a result of its operations. See "Legal Proceedings" for a description of legal proceedings in which the Group is involved.

Industrial and Environmental Risks

Industrial and environmental risks are integrated into the Group's operational risks and are analyzed from the viewpoint of systems failures and the occurrence of major natural disasters (100-year return flood, deluge, earthquake, pollution, among others) and their impact on the Group. The Group has developed crisis management and business continuity plans to protect its resources.

Government Supervision and Regulation in France

French banking system

All French credit institutions are required to belong to a professional organization or central body affiliated with the French Credit Institutions and Investment Firms Association (*Association française des établissements de crédit et des entreprises d'investissement*), which represents the interests of credit institutions, payment institutions and investment firms in particular with the public authorities, provides consultative advice, disseminates information, studies questions relating to banking and financial services activities and makes recommendations in connection therewith. Most registered banks, including BFCM, are members of the French Banking Association (*Fédération bancaire française*).

French supervisory bodies

The French Monetary and Financial Code sets forth the conditions under which credit institutions, including banks, may operate. The French Monetary and Financial Code vests related supervisory and regulatory powers in certain administrative authorities.

The Financial Sector Consultative Committee (*Comité consultatif du secteur financier*) is made up of representatives of credit institutions, payment institutions, investment firms, insurance companies and insurance brokers and client representatives. This committee is a consultative organization that studies the relations between credit institutions, investment firms and insurance companies and their respective clientele and proposes appropriate measures in this area.

The Consultative Committee on Financial Legislation and Regulations (*Comité Consultatif de la Législation et de la Réglementation Financière*) reviews, at the request of the French Minister of the Economy, any draft bill or regulation, as well as any draft European Regulations relating to the insurance, banking and investment service industry other than draft regulations issued by the French Autorité des marchés financiers (AMF).

The Prudential Control Authority (*Autorité de Contrôle Prudentiel or ACP*) supervises financial institutions and insurance firms and is in charge of ensuring the protection of consumers and the stability of the financial system. The ACP was created in January 2010 as a result of the merger of the Banking Commission, the Credit Institutions and Investment Firms Committee, the Insurance Companies Committee and the Insurance and Pensions Control Authority and assumed the functions previously exercised by these authorities. The ACP is chaired by the governor of the *Banque de France*. With respect to the banking sector, the ACP makes individual decisions, grants banking and investment firm licenses, and grants specific exemptions as provided in applicable banking regulations. It supervises the enforcement of laws and regulations applicable to banks and other credit institutions, as well as investment firms, and controls their financial standing. Banks are required to submit periodic (either monthly or quarterly) accounting reports to the ACP concerning the principal areas of their activities. The ACP may also request additional information that it deems necessary and may carry out onsite inspections (including with respect to a bank's foreign subsidiaries and branches, subject to international cooperation agreements). These reports and controls allow a close monitoring of the condition of each bank and also facilitate computation of the total deposits of all banks and their use.

The ACP may enjoin financial institutions to comply with applicable regulations and to cease conducting activities which may adversely affect the interests of clients. The ACP may also require a financial institution to take measures to strengthen or restore its financial situation, improve its management methods and/or adjust its organization and activities to its development goals. When a financial institution's solvency or liquidity, or the interests of its clients are or could be threatened, the ACP is entitled to take certain provisional measures, including submitting the institution to special monitoring and restricting or prohibiting the conduct of certain activities (including deposit-taking), the making of certain payments, the disposal of assets, and/or the distribution of dividends to its shareholders.

Where regulations have been violated, the ACP may act as an administrative court and impose sanctions, which may include warnings, fines, suspension or dismissal of managers and deregistration of the bank, resulting in its winding up. The ACP also has the power to appoint a temporary administrator to manage provisionally a bank that it deems to be mismanaged. The decisions of the ACP may be appealed to the French administrative supreme court (*Conseil d'Etat*). Insolvency proceedings may be initiated against banks or other credit institutions, or investment firms only after formal consultation with the ACP.

Banking regulations

The Group must comply with minimum capital ratio requirements. In addition to these requirements, the principal regulations applicable to deposit banks such as BFCM concern risk diversification and liquidity, monetary policy, restrictions on equity investments and reporting requirements. As of the date hereof, BFCM complies with the specific regulatory ratio requirements in accordance with procedures established by the relevant supervisory authorities in the various countries in which it operates.

In France, the Group must comply with the norms of financial management set by the French Minister of the Economy, the purpose of which is to ensure the creditworthiness and liquidity of French credit institutions.

Each French credit institution is required to calculate, as of the end of each month, the ratio of the weighted total of certain short-term and liquid assets to the weighted total of short-term liabilities. This liquidity ratio (*coefficient de liquidité*) is required to exceed 100% at all times. French credit institutions are entitled to opt for the "advanced" approach with respect to liquidity risk, upon request to the ACP and under certain conditions. Under the advanced approach, the credit institution is able to use its internal methodologies to determine the liquidity risk and ensure that it has sufficient liquidity at all times to honor its commitments.

French credit institutions must satisfy, on a consolidated basis, certain restrictions relating to concentration of risks (*ratio de contrôle des grands risques*). The aggregate of a French credit institution's loans and a portion of certain other exposure (*risques*) to a single customer (and related entities) may not exceed 25% of the credit institution's regulatory capital as defined by French capital ratio requirements. Individual exposures exceeding 10% (and in some cases 5%) of the credit institution's regulatory capital are subject to specific regulatory requirements.

French credit institutions are required to maintain on deposit with the *Banque de France* a certain percentage of various categories of demand and short-term deposits. Deposits with a maturity of more than two years are not included in calculating the amount required to be deposited. The required reserves are remunerated at a level corresponding to the average interest rate over the maintenance period of the main refinancing operations of the European System of Central Banks.

BFCM's commercial banking operations in France are also significantly affected by monetary policies established from time to time by the European Central Bank in coordination with the *Banque de France*. Commercial banking operations, particularly in their fixing of short term interest rates, are also affected in practice by the rates at which the *Banque de France* intervenes in the French domestic interbank market.

French credit institutions are subject to restrictions on equity investments and, subject to various specified exemptions for certain short-term investments and investments in financial institutions and insurance companies, "qualifying shareholdings" held by credit institutions must comply with the following requirements: (a) no individual "qualifying shareholding" may exceed 15% of the regulatory capital of the concerned credit institution and (b) the aggregate of such "qualifying shareholdings" may not exceed 60% of the regulatory capital of the concerned credit institution. An equity investment is a "qualifying shareholding" for the purposes of these provisions if (i) it represents more than 10% of the share capital or voting rights of the company in which the investment is made or (ii) it provides, or is acquired with a view to providing, a "significant influence" (*influence notable*, presumed when the credit institution controls at least 20% of the voting rights) in such company.

French regulations permit only licensed credit institutions to engage in banking activities on a regular basis. Similarly, institutions licensed as banks may not, on a regular basis, engage in activities other than banking, bank-related activities and a limited number of non-banking activities determined pursuant to the regulations issued by the French Minister of the Economy. A regulation issued in November 1986 and amended from time to time sets forth an exhaustive list of such non-banking activities and requires revenues from those activities to be limited in the aggregate to a maximum of 10% of total net revenues.

Examination

The principal means used by the ACP to ensure compliance by large deposit banks with applicable regulations is the examination of the detailed periodic (monthly or quarterly) financial statements and other documents that these banks are required to submit to the ACP. In the event that any examination were to reveal a material adverse change in the financial condition of a bank, an inquiry would be made, which could be followed by an inspection. The ACP may also inspect banks (including with respect to a bank's foreign subsidiaries and branches, subject to international cooperation agreements) on an unannounced basis.

Reporting requirements

Credit institutions must make periodic reports, collectively referred to as *états périodiques*, to the ACP. The *états périodiques* comprise principally (a) a statement of the activity of the concerned institution during the relevant period (*situation*), to which is attached exhibits that provide a more detailed breakdown of the amounts involved in each category,

(b) a statement of income, together with exhibits and (c) certain additional data relating to operations (*indicateurs d'activité*) such as the number of employees, client accounts and branches.

Deposit guarantees

All credit institutions operating in France are required by law to be a member of the deposit guarantee fund (*Fonds de Garantie des Dépôts*), except branches of European Economic Area banks that are covered by their home country's guarantee system. Domestic customer deposits denominated in euro and currencies of the European Economic Area are covered up to an amount of €100,000 and securities up to an aggregate value of €70,000, per customer and per credit institution, in both cases. The contribution of each credit institution is calculated on the basis of the aggregate deposits and one-third of the gross customer loans held by such credit institution and of the risk exposure of such credit institution.

Consumer credit

In July 2010, a significant consumer credit reform law, known as the "Lagarde Law", was adopted in France. The reform created new requirements relating to advertising and the provision of information to consumers, particularly in connection with revolving credit arrangements. In addition, the reform reduced the maximum interest rates that providers of consumer credit may charge on consumer credit, effective July 1, 2012.

Additional funding

The governor of the *Banque de France*, as chairman of the ACP, can request that the shareholders of a credit institution in financial difficulty fund the institution in an amount that may exceed their initial capital contribution. However, credit institution shareholders have no legal obligation in this respect and, as a practical matter, such a request would likely be made only to holders of a significant portion of the institution's share capital.

Internal control procedures

French credit institutions are required to establish appropriate internal control systems, including with respect to risk management and the creation of appropriate audit trails. French credit institutions are required to have a system for analyzing and measuring risks in order to assess their exposition to credit, market, global interest rate, intermediation, liquidity and operational risks. Such system must set forth criteria and thresholds allowing to identify as significant the incidents revealed by internal control procedures. Any fraud generating a gain or loss of a gross amount superior to 0.5% of the Tier 1 capital is deemed significant provided that such amount is greater than €10,000.

With respect to credit risks, each credit institution must have a credit risk selection procedure and a system for measuring credit risk that permit centralization of the institution's on- and off-balance sheet exposure and for assessing different categories of risk using qualitative and quantitative data. With respect to market risks, each credit institution must have systems for monitoring, among other things, its proprietary transactions that permit the institution to record on at least a day-to-day basis foreign exchange transactions and transactions in the trading book, and to measure on at least a day-to-day basis the risks resulting from trading positions in accordance with the capital adequacy regulations. The institution must prepare an annual report for review by the institution's board of directors and the ACP regarding the institution's internal procedures and the measurement and monitoring of the institution's exposure.

Compensation policy

French credit institutions and investment firms are required to ensure that their compensation policy is compatible with sound risk management principles. A significant fraction of the compensation of employees whose activities may have a significant impact on the BFCM's risk exposure must be performance-based, and a significant fraction of this performance-based compensation must be non-cash and deferred. The aggregate amount of variable compensation must not hinder the BFCM's capacity to strengthen its capital base if needed.

Money laundering

French credit institutions are required to report to a special government agency (TRACFIN) placed under the authority of the French Minister of the Economy all amounts registered in their accounts that they suspect come from drug trafficking or organised crime, from unusual transactions in excess of certain amounts, as well as all amounts and transactions that they suspect to be the result of offence punishable by a minimum sentence of at least one-year imprisonment or that could participate in the financing of terrorism. French credit institutions are also required to establish "know your customer" procedures allowing identification of the customer (as well as the beneficial owner) in any transaction and to have in place systems for assessing and managing money laundering and terrorism financing risks in accordance with the varying degree of risk attached to the relevant clients and transactions.

Management and Employees

Board of Directors and Management

This section provides a description of the board of directors and management of BFCM. As the CM11-CIC Group is a mutual banking group and does not have a single parent corporation, it does not have a board of directors or executive officers. The Group's structure and functioning is described under "History and Structure of the CM11-CIC Group".

Board of Directors of BFCM

Certain of the BFCM's directors are selected according to a method that reflects its status as a holding company of the Group and the ownership of its share capital by the CF de CM and certain Local Banks. Each Local Bank elects its own members of the board of directors at their respective shareholders' meetings, in which all member shareholders participate. There are approximately 16,000 directors, all of whom serve on a volunteer basis. This system makes the Local Banks integral parts of the communities they serve, and fosters customer loyalty.

The Local Banks in a district elect a representative of the District, a body that represents a group of Local Banks. A representative of the District becomes a member of the board of directors of the Regional Federation, the policy body for the group of Local Banks. Members of the board of directors of a Regional Federation are eligible to become members of the board of directors of the CF de CM and its subsidiary, BFCM. District elections are held every four years and a director that is no longer the representative of a District as a result of elections will also lose its mandate as a director of BFCM, even if the director's mandate has not expired. Seven directors of BFCM's board of directors are nominated in this manner.

The board of directors of BFCM currently consists of eighteen members appointed in the Shareholders' General Meeting for a mandate of three years, along with 12 non-voting members appointed for three years. BFCM's board of directors includes representatives from associated groups (Ile-de-France, Savoie-Mont Blanc, Sud-Est, Midi-Atlantique, Centre, Dauphiné-Vivarais, Loire-Atlantique and Centre Ouest, Méditerranéen and Normandie). Two employees are members of the board of directors on behalf of the interfederal Works Council. BFCM's directors do not receive attendance fees or stock options.

On 22 October 2010, the board of directors elected to have a single Chairman of the board of directors and Chief Executive Officer, in accordance with French regulations. The Chairman of the board of directors, Michel Lucas, also exercises the role of Chief Executive Officer, organizing and directing the work of the board of directors. The Chief Executive Officer represents BFCM to third parties and has the broadest authority to act on behalf of BFCM. The Board operates in accordance with applicable legal provisions and therefore there are no internal rules governing the operations of the Board; however, directors are required in their capacity as elected representatives to comply with the code of ethics applicable within the Group and to uphold their duty to use discretion and maintain confidentiality on all matters related to BFCM's business purpose.

The following table summarizes the membership of BFCM's board of directors as of 31 December 2011.

Member	Position	Date of initial appointment	Expiry of current mandate	Representative
Michel Lucas	Chairman and CEO	29/09/1992	31/12/2012	
Jacques Humbert	Vice Chairman	13/12/2002	31/12/2011	
Jean-Louis Boisson	Director	17/12/1999	31/12/2011	
Gérard Bontoux	Director	06/05/2009	31/12/2011	
Maurice Corgini	Director	22/06/1995	31/12/2011	
Gérard Cormoreche	Director	16/05/2001	31/12/2012	
Roger Danguel	Director	13/12/2002	31/12/2013	
François Duret	Director	11/05/2011	31/12/2013	
Pierre Filliger	Director	11/05/2011	31/12/2013	
Jean-Louis Girodot	Director	22/05/2002	31/12/2013	
Etienne Grad	Director	17/12/2010	31/12/2012	
Jean Paul Martin	Director	13/12/2002	31/12/2012	
Gerard Oliger	Director	15/12/2006	31/12/2013	
Albert Peccoux	Director	03/05/2006	31/12/2011	
CFCM Maine Anjou et Basse Normandie	Director	04/07/2008	31/12/2011	Daniel Leroyer
Alain Tetedoie	Director	27/10/2006	31/12/2011	
Eckart Thomä	Director	11/05/2011	31/12/2013	
Michel Vieux	Director	11/05/2011	31/12/2013	

The non-voting members of the board of directors are: René Barthalay, Yves Blanc, Michel Bokarius, Gérard Chappuis, Alain Demare, Marie-Hélène Dumont, Monique Groc, Robert Laval, Fernand Lutz, Jacques Pages, Alain Teissier and Daniel Schlesinger.

Biographies of the Members of the Board of Directors

Michel Lucas, aged 73, is the Chairman and CEO of BFCM. He has been a member of the Board of Directors of BFCM since 1992.

Other offices and duties exercised in 2011

Chairman and Chief Executive Officer: Carmen Holding Investissement – Crédit Industriel et Commercial

Chairman of the Board of Directors: Confédération Nationale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel – Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Vie SA – Assurances du Crédit Mutuel Iard SA – Assurances du Crédit Mutuel Vie SFM – Banque du Crédit Mutuel Ile-de-France – International Information Developments – Direct Phone Services – Répubicain Lorrain – Est Républicain – Dernières Nouvelles d'Alsace

Chairman: Crédit Mutuel Cartes de Paiements – Europay France

President of the Executive Board: Crédit Industriel et Commercial
Chairman of the Supervisory Board: Banque de l'Economie du Commerce et de la Monéthique – Euro Information Production – CM-CIC Capital Finance – Fonds de Garantie des Dépots
Vice Chairman of the Supervisory Board: CIC Iberbanco – Banque de Luxembourg
Member of the Board of Directors: ACMN Iard – ASTREE (Tunis) – Assurances Générales des Caisses Desjardins (Quebec) – Banque de Tunisie – Banque Marocaine du Commerce Extérieur – CIC Banque Transatlantique – Banque Transatlantique Belgium – Caisse de Crédit Mutuel « Grand Cronenbourg » – CRCM Midi-Atlantique – Crédit Mutuel Paiements Electroniques – CIC Lyonnaise de Banque – SOFEDIS – Dauphiné Libéré – SAFRAN.
Member of the Supervisory Board: CM-CIC Asset Management – Manufacture Beauvillé – CM-CIC Services
Member of the Management Committee: Euro-Information – Euro-Information Développement - EBRA

Jacques Humbert, aged 69, is the Vice Chairman of BFCM. He has been a member of the Board of Directors of BFCM since 2002.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel du District de Mulhouse
Chairman of the Board of Directors: Caisse de Crédit Mutuel la Doller
Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel – Société Française d'Edition de Journaux et d'Imprimés Commerciaux "l'Alsace"
Permanent Representative of ADEPI on the Board of Directors of GACM

Jean-Louis Boisson, aged 63, has been a member of the Board of Directors of BFCM since December 1999.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel du District de Bourgogne Champagne
Chairman of the Board of Directors: Caisse de Crédit Mutuel de Montbard Venarey
Vice Chairman of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe
Vice Chairman of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel – TARGOBANK Espagne
Member of the Supervisory Board: EI Production

Gérard Bontoux, aged 62, has been a member of the Board of Directors of BFCM since May 2009.

Other offices and duties exercised in 2011
Chairman: Fédération du Crédit Mutuel Midi-Atlantique – Caisse Régionale du Crédit Mutuel Midi-Atlantique
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel – Caisse de Crédit Mutuel Toulouse St Cyprien
Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique – Crédit Industriel et Commercial

Permanent Representative of CRCM Midi-Atlantique on the Board of Directors of GACM, and of Marsovalor on the Board of Directors of CIC Sud-Ouest

Maurice Corgini, aged 67, has been a member of the Board of Directors of BFCM since June 1995.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel du District de Besançon
Chairman of the Board of Directors: Caisse de Crédit Mutuel Baume-Valdahon-Rougemont
Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – Caisse Agricole Crédit Mutuel
Member of the Supervisory Board: Crédit Industriel et Commercial
Co-Managing Partner: Cogithommes Franche-Comté

Gérard Cormoreche, aged 54, has been a member of the Board of Directors of BFCM since May 2001.

Other offices and duties exercised in 2011
Chairman: Fédération du Crédit Mutuel du Sud-Est – Caisse de Crédit Mutuel du Sud-Est – Cecamuse
Chairman of the Board of Directors: Caisse de Crédit Mutuel Neuville-sur-Saône – Caisse Agricole Crédit Mutuel
Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel – Société des Agriculteurs de France – Cautionnement Mutuel de l'Habitat
Vice-Chairman of the Board of Directors: MTRL – Confédération Nationale du Crédit Mutuel
Vice-Chairman of the Supervisory Board: CMAR (Crédit Mutuel Agricole et Rural)
Censor: Crédit Industriel et Commercial
Managing Partner: Scea Cormoreche Jean-Gérard – Sàrl Cormoreche
Permanent Representative of CCM Sud-Est on the Board of Directors of ACM Vie SFM

Roger Danguel, aged 65, has been a member of the Board of Directors of BFCM since December 2002.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel du District de Sélestat
Chairman of the Board of Directors: Caisse de Crédit Mutuel de Sélestat-Scherwiller
Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – Confédération Nationale du Crédit Mutuel
Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique – Editions Coprur
Permanent Representative of Banque Fédérative du Crédit Mutuel to the Board of Directors of Caisse Centrale du Crédit Mutuel

François Duret, aged 66, has been a member of the Board of Directors of BFCM since May 2011.

Other offices and duties exercised in 2011
Chairman: Fédération Régionale des Caisses du Crédit Mutuel du Centre – Caisse Régionale de Crédit Mutuel du Centre – Caisse de Crédit Mutuel Agricole du Centre – Caisse de Crédit Mutuel d'Auneau (Eur et loir) – SODERDEC

Vice-Chairman: Syndicat Agricole du Dunois
Member of the Board of Directors: Banque Fédérative du Crédit Mutuel - CICM
Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique
Vice-Chairman of the Board of Directors: Confédération Nationale du Crédit Mutuel
Permanent Representative of Caisse Nationale de Crédit Mutuel du Centre to the Board of Directors of Caisse Centrale de Crédit Mutuel et des ACM Vie SAM and of Caisse de Crédit Mutuel Agricole – Caisse Régionale of CMC as chairman of the Supervisory Board of SODEREC
Managing Partner: Earl la Mare de Sermonville
Elected: Chambre d'Agriculture d'Eure-et-Loir

Pierre Filliger, aged 68, has been a member of the Board of Directors of BFCM since May 2011.

Other offices and duties exercised in 2011
Chairman: Fédération du Crédit Mutuel Méditerranéen – Caisse Régionale du Crédit Mutuel Méditerranéen – Caisse locale CAMEFI – Caisse locale de Marseille Prado – des Caisses locales du Crédit Mutuel Méditerranéen
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel
Per*manent Representative of Crédit Mutuel Méditerranéen* on the Board of Directors of Assurances du Crédit Mutuel (Vie Sam) and of CICM.

Jean-Louis Girodot, aged 68, has been a member of the Board of Directors of BFCM since May 2002.

Other offices and duties exercised in 2011
Chairman of the Board of Directors: Fédération des Caisses de Crédit Mutuel d'île de France - Caisse Régionale du Crédit Mutuel d'Ile-de-France – Caisse de Crédit Mutuel de Paris Montmartre Grands Boulevards – of several Caisses de Crédit Mutuel during their start-up phase
Chairman: Comité Régional pour l'Information Economique et Sociale (CRIES)
Vice Chairman: Chambre Régionale de l'Economie Sociale et Solidaire d'Ile-de-France (CRIES IDF) - AUDIENS – Coopérative d'information et d'Edition Mutualiste (CIEM)
Member of the Office: Conseil Economique et Social d'Ile-de-France
Secretary General: Fédération Nationale de la Presse spécialisée (FNPS)
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel – Crédit Industriel et Commercial - AFDAS
Member of the Supervisory Board: Euro Information Production
Permanent Representative of Caisse Régionale du Crédit Mutuel Ile-de-France on the Board of Directors of ACM Vie SFM – of the FNPS to the Commission Paritaire des Publications et Agences de Presse

Etienne Grad, aged 58, has been a member of the Board of Directors of BFCM since December 2010.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel de la Communauté Urbaine de Strasbourg – SAS GRAD Etienne Conseil et Développement

Chairman of the Board of Directors: Caisse de Crédit Mutuel Cours de l'Andlau
Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe
Partner: SCI Lemillion

Daniel Leroyer, aged 61, has been a member of the Board of Directors of BFCM as the representative of the Caisse Fédérale de Crédit Mutuel Maine-Anjou, Basse-Normandie since May 2011.

Other offices and duties exercised in 2011
Chairman of the Board of Directors: Fédération du Crédit Mutuel de Maine-Anjou Basse Normandie – Caisse Fédérale du Crédit Mutuel Maine-Anjou Basse Normandie – Caisse Générale de Financement (CAGEFI) – Créavenir (Association) – Caisse de Crédit Mutuel du Pays Fertois – Caisse de Crédit Mutuel Solidaire de Maine-Anjou Basse Normandie
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel - SAS Assurances du Crédit Mutuel Maine-Anjou Basse Normandie – Crédit industriel et Commercial
Member of the Executive Committee: Fondation du Crédit Mutuel
Permanent Representative of the Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie: member of the Board of Directors of Gie CLOE Services, Caisse Fédérale du Crédit Mutuel de Maine-Anjou et Basse Normandie, of SAS Volney Développement and of the Groupe des Assurances du Crédit Mutuel

Other offices and duties exercised by the Caisse Fédérale de Crédit Mutuel Maine-Anjou, Basse-Normandie in 2011
Chairman of the Board of Directors: SAS Assurances du Crédit Mutuel Maine – Anjou – Normandie
Member of the Board of Directors: Caisse Centrale du Crédit Mutuel – Assurances du Crédit Mutuel IARD SA – Crédit Mutuel Paiements Electroniques CMPE - CM-CIC Epargne Salariale – CM-CIC Bail – SAS Océan Participations – Gie Cloe Services – Mayenne Logis Groupe CIL 53 – Logis Familial Mayennais Groupe CIL 53
Member of the Supervisory Board: SODEREC – CM-CIC Asset Management
Member of the Steering Committee: Euro Information SAS
Partner: SIDEL SNC

Jean Paul Martin, aged 72, has been a member of the Board of Directors of BFCM since December 2002.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel du District de Metz
Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe – CME 57
Member of the Supervisory Board: Targo Deutschland GmbH – Targo Management AG – TARGOBANK AG – CM Akquisitions Gmbh

Gérard Oliger, aged 60, has been a member of the Board of Directors of BFCM since December 2006.

Other offices and duties exercised in 2011
Chairman: Union des Caisses de Crédit Mutuel du District de Sarreguemines
Chairman of the Board of Directors: Caisse de Crédit Mutuel Emile Gentil (Volmunster)
Member of the Board of Directors: Fédération du Crédit Mutuel Centre Est Europe

Albert Peccoux, aged 72, has been a member of the Board of Directors of BFCM since May 2006.

Other offices and duties exercised in 2011

Chairman: Fédération du Crédit Mutuel Savoie-Mont Blanc – Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale de Crédit Mutuel – Caisse de Crédit Mutuel d'Annecy-les-Fins – Centre International du Crédit Mutuel
Member of the Supervisory Board: Crédit Industriel et Commercial
Permanent Representative of CRCM Savoie-Mont Blanc to the Board of Directors of ACM VIE SFM

Alain Tetedoie, aged 48, has been a member of the Board of Directors of BFCM since October 2006.

Other offices and duties exercised in 2011

Chairman: CM-CIC Immobilier SAS - Fitega – Fiterra.
Chief Executive Officer: Nanteurop
Chairman of the Board of Directors: Fédération du Crédit Mutuel de Loire-Atlantique et du Centre Ouest – Caisse Fédérale du Crédit Mutuel de Loire-Atlantique et du Centre Ouest
Vice-Chairman of the Board of Directors: Caisse de Crédit Mutuel de Saint Julien de Concelles
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel – Caisse Fédérale du Crédit Mutuel
Chairman of the Supervisory Board: Pfalzeurop GmbH – CM-CIC Services
Vice-Chairman of the Supervisory Board: BMCE
Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique
Permanent representative of Fédération du Crédit Mutuel LACO to the Chairman of Investlaco – of Caisse Fédérale de Crédit Mutuel LACO to the Board of Directors of ACM Vie, of EFSA to the Board of Directors of Banque CIC-OUEST – of Ufigestion 2 to the Board of Directors of CM-CIC Bail.

Eckart Thomä, aged 73, has been a member of the Board of Directors of BFCM since May 2011.

Other offices and duties exercised in 2011

Chairman of the Board of Directors: Fédération du Crédit Mutuel de Normandie – Caisse Régioanle de Crédit Mutuel de Normandie- Caisse de Crédit Mutuel de Caen Centre – Créavenir – Norfi
Chairman of the Supervisory Board: Targo Deutschland GmbH– Targo Management AG – TARGOBANK AG – CM Acquisitions Gmbh.
Member of the Board of Directors: Caisse Fédérale de Crédit Mutuel - Confédération Nationale du Crédit Mutuel
Member of the Supervisory Board: BECM
Permanent representative of the Caisse Régionale du Crédit Mutuel de Normandie to the Board of Directors of GACM – of the Fédération du Crédit Mutuel de Normandie to the Board of Directors of GIE Cloé
Services and to the Board of Directors of Centre International du Crédit Mutuel (CICM)

Michel Vieux, aged 61, has been a member of the Board of Directors of BFCM since May 2011.

Other offices and duties exercised in 2011
Chairman of the Board of Directors: Fédération du Crédit Mutuel Dauphiné-Vivarais
Vice-Chairman: Association "La Cascade"
Member of the Supervisory Board: Banque de l'Economie du Commerce et de la Monétique
Member of the Board of Directors: Confédération Nationale du Crédit Mutuel - Caisse Fédérale de Crédit Mutuel

Chairman and Chief Executive Officer Compensation

In accordance with the framework agreement that the Group has entered into with the French government on various refinancing measures for credit institutions, the Group agreed to certain rules applicable to the compensation of directors and officers of the Group. Compensation received by BFCM directors and officers in 2011 includes a portion related to their activities at Crédit Mutuel and CIC, and consists of fixed and variable compensation. The fixed portion is determined on the basis of standard practices for comparable positions and the variable portion is determined on a discretionary and lump-sum basis. BFCM's Compensation Committee submits proposals for BFCM director and officer compensation that is reviewed by BFCM's board of directors. In 2011, directors and officers of BFCM also received accidental death and disability insurance and supplemental retirement benefit plans made available to all Group employees. The following tables summarize the fixed and variable compensation paid to BFCM's Chairman and Chief Executive Officer and Director General Delegate in 2010 and 2011.

◆ *Fixed and variable compensation paid to BFCM officers and directors in 2011, amounts in euros* [(a)]

Name and function	Origin	Fixed portion	Variable portion [(b)]	In-kind benefits [(c)]	Employer contributions for supplementary benefits	2011
Michel Lucas Chief Executive Officer BFCM Chairman of the Executive Board	Crédit Mutuel	249,999	0	5,298	0	255,297
	CIC	550,000	0	0	514	550,514
Alain Fradin Director General Delegate of BFCM *	Crédit Mutuel	899,956	0	4,966	7,953	912,875

* Fixed remuneration for 2011 includes a balance of all accounts related to the suspension of the employment agreement.

◆ ***Fixed and variable compensation paid to BFCM officers and directors in 2010, amounts in euros [(a)]***

Name and function	Origin	Fixed portion	Variable portion [(b)]	In-kind benefits [(c)]	Employer contributions for supplementary benefits	2010
Michel Lucas Chief Executive Officer BFCM Chairman of the Executive Board *	Crédit Mutuel	550,000	0	5,298	5,481	560,779
	CIC	550,000	0	0	2,416	552,416
Alain Fradin Director General Delegate of BFCM	Crédit Mutuel	472,244	0	4,966	7,789	484,999

(a) Gross amounts paid by BFCM during the year.

(b) The variable portion is determined by the BFCM Compensation Committee; for CIC, it is determined by the CIC Supervisory Board meeting following the Shareholders' General Meeting held to approve the financial statements for the year during which it was earned. Variable portions paid out in any given year relate to the previous year.

(c) Company automobiles exclusively.

* Following the changes in the company terms of office and liquidation of retirement benefits of Michel Lucas, on 22 October 2010, BFCM's board of directors determined that the criteria and the payment of amounts approved by the 19 December 2008 meeting of the board of directors had been satisfied. As a result, the board of directors approved the payment of the stipulated amount of €1,376,146 to Michel Lucas.

On 19 May 2011, the board of directors of CIC authorized the payment of indemnities to Michel Lucas in the amount of €550,000 resulting from corporate reorganizations within the Group, changes to board mandates and liquidation of retirement benefits for Etienne Pflimlin and Michel Lucas. On 1 July 2011, the board of directors of BFCM authorized the payment of indemnities to Michel Lucas in the amount of €250,000 for his role as Chief Executive Officer of BFCM. On 11 May 2011, the board of directors of BFCM authorized the fixed annual salary of Alain Fradin at €800,000, in addition to other benefits.

BFCM's directors and officers did not receive any other specific benefits, nor were they the recipient of equity securities, warrants or options to purchase BFCM or CIC shares. In addition, BFCM's directors and officers do not receive attendance fees in consideration of their board mandates, whether the boards are of Group companies or companies outside the Group but on whose boards they sit as a result of their functions within the Group. BFCM's directors and officers may hold assets or borrowings of the Group's banks on the same terms and conditions as those offered to all other BFCM employees.

Conflicts of Interest at the Level of the Administrative, Management and Supervisory Bodies

To BFCM's knowledge, the members of the board of directors and the Chief Executive Officer of BFCM have no actual or potential conflicts of interest between their duties toward BFCM and their private interests.

Committees

Certain of the committees described below function at the Group level, encompassing BFCM as part of the Group. The Compensation Committee is at the BFCM level.

Compensation Committee

The Compensation Committee reviews the general compensation policy of BFCM and advises on the internal procedures and regulations used to determine compensation levels at BFCM. In particular, the committee makes recommendations with respect to compensation packages for the executive management, officers and financial market professionals. Additionally, the committee determines thresholds for compensation beyond which it must receive notice of higher individual compensation packages. To ensure compliance with regulatory requirements, the committee is also tasked with ensuring that executive management consults with BFCM's Risk and Compliance Departments in determining its compensation policy for financial market professionals.

The committee is composed of at least two members of the board of directors who do not receive remuneration for their role on this committee. The Board appoints members to the committee for three-year terms based on the recommendation of the Chairman, taking into consideration their independence and qualifications. The chair of the committee is likewise appointed by the Board based on the Chairman's recommendation. In 2011, the committee was composed of Mr. Roger Danguel and Mr. Jacques Humbert.

The committee meets twice annually, and its Chair or a majority of its members may call for further meetings. It may seek the opinions of BFCM's Director of Human Resources or other officers, as well as other individuals subject to the approval of executive management. Further, the committee may consult external advisors and outside studies in accordance with the terms of its mission and budget, as set by the board of directors.

Audit and Financial Statements Committee

The Group's Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of the CF de CM and two members of the CIC Supervisory Board. In 2010, this committee was chaired by the Vice Chairman of Crédit Mutuel Centre Est Europe, and two of its members have special expertise in accounting and financial matters. The independence of committee members stems from the fact that its members come from the Group's mutual banking level, and are therefore elected by member-shareholders of their respective Local Bank, and strengthened from the fact that membership in this committee is not compensated.

BFCM's internal control and risk management are integrated into the overall internal control system of the Group. In the area of internal control, this committee examines the internal control program, is informed of the annual report on consolidated internal control, reviews the conclusions of the main audits performed by the periodic control department as well as the results of the permanent control and compliance departments, reviews the conclusions of external controls, notably any changes recommended by the regulatory authorities, is informed of actions implemented to follow up on the main recommendations identified in the internal and external control reports, and assesses the efficiency of the internal control systems. The Audit and Financial Statements Committee also makes recommendations to the various deliberative bodies on any improvements it deems necessary based on findings brought to its attention. With respect to financial reporting, this committee is responsible for monitoring the financial information preparation process, supervising the statutory audit of the parent company financial statements and of the consolidated financial statements, participating in the choice of statutory auditors and has unrestricted access to them to learn about their work plan, ensure that they are capable of carrying out their audit and discuss the findings of their work with them, examining the annual and consolidated financial statements, and assessing the conditions for the preparation of financial statements, ensuring the relevance and continuity of accounting policies and methods.

Risk Committee

The Group Risk Committee meets on a quarterly basis and is composed of the operational risk managers, which includes the head of the Risk Department and the heads of several business lines (Commitments Department, Capital Markets Department, Finance Department, Retail Banking, Financing and Capital Markets, Real Estate, Private Equity). This committee is responsible for overall risk monitoring.

Risk Management Committee

The Group Risk Management Committee meets twice per year to review the Group's strategic challenges and opportunities in the area of risk management, and is composed of members of the Group's board of directors. The committee makes recommendations to the Group's deliberative bodies on all decisions of a prudential nature applicable to all Group entities based on findings presented at its meetings. The head of the Risk Department presides over the meetings of the committee and is responsible for the various presentations of the several risk areas based on the work of the Group Risk Committee. Executive management also participates in these meetings and may also invite the heads of business lines with a particular interest in the items on the meeting agenda.

Executive Management of BFCM

Michel Lucas, aged 73, is the Chairman and CEO of BFCM. He has been a member of the Board of Directors of BFCM since 1992.

Other offices and duties exercised in 2011

Chairman and Chief Executive Officer: Carmen Holding Investissement – Crédit Industriel et Commercial

Chairman of the Board of Directors: Confédération Nationale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel – Groupe des Assurances du Crédit Mutuel – Assurances du Crédit Mutuel Vie SA – Assurances du Crédit Mutuel Iard SA – Assurances du Crédit Mutuel Vie SFM – Banque du Crédit Mutuel Ile-de-France – International Information Developments – Direct Phone Services – Répubicain Lorrain – Est Républicain – Dernières Nouvelles d'Alsace

Chairman: Crédit Mutuel Cartes de Paiements – Europay France

President of the Executive Board: Crédit Industriel et Commercial

Chairman of the Supervisory Board: Banque de l'Economie du Commerce et de la Monéthique – Euro Information Production – CM-CIC Capital Finance – Fonds de Garantie des Dépots

Vice Chairman of the Supervisory Board: CIC Iberbanco – Banque de Luxembourg

Member of the Board of Directors: ACMN Iard – ASTREE (Tunis) – Assurances Générales des Caisses Desjardins (Quebec) – Banque de Tunisie – Banque Marocaine du Commerce Extérieur – CIC Banque Transatlantique – Banque Transatlantique Belgium – Caisse de Crédit Mutuel "Grand Cronenbourg" – CRCM Midi-Atlantique – Crédit Mutuel Paiements Electroniques – CIC Lyonnaise de Banque – SOFEDIS – Dauphiné Libéré – SAFRAN
Member of the Supervisory Board: CM-CIC Asset Management – Manufacture Beauvillé – CM-CIC Services
Member of the Management Committee: Euro-Information – Euro-Information Développement - EBRA

Cyril Le Touzé, aged 63, is the Head of the Risk Management Group of BFCM since 2010.

Other offices and duties exercised in 2011
Cyril Le Touzé exercised other functions within the Group in 2011.

Christian Klein, aged 60, is a deputy director general of BFCM since July 2011.

Other offices and duties exercised in 2011
Chairman of the Board of Directors: Crédit Mutuel-CIC Home Loan SFH
Member of the Board of Directors: Investessor SAS (Paris) – Cigogne Management (Luxembourg) – ESN North America (New York) – Société de Financement de l'Economie Francaise (SFEF)
Member of the Board of Directors: Director General Delegate: Carmen Holding Investissement
Member of the Supervisory Board: CIC Iberbanco
Permanent Representative of BFCM in the Board of Directors: Sarest (Strasbourg) – CM-CIC Securities (Paris) – Sofemo (Strasbour) – Boreal (Paris)
Permanent Representative of BFCM in the Supervisory Board: CM-CIC Asset Management
Permanent Representative of Sofinaction in the Board of Directors: CM-CIC Bail (Paris) – CM-CIC lease
Permanent Representative of Cicoval in the Board of Directors: Lyonnaise de Banque

Alain Fradin, aged 64, is the director general delegate of BFCM since May 2011.

Other offices and duties exercised in 2011
Chairman Director General: CM-CIC Bail
Chief Executive Officer: CIC Migrations
Chairman of the Board of Directors: TARGOBANK Espagne
Chairman of the Supervisory Board: CIC Iberbanco – Cofidis - Cofpart
Vice-Chairman of the Board of Directors: TARGOBANK Deutschland Gmbh–TARGOBANK AG – Targo Management AG – CM Akquisitions Gmbh
Director General: Confédération Nationale du Crédit Mutuel – Caisse Centrale du Crédit Mutuel – Fédération du Crédit Mutuel Centre Est Europe – Caisse Fédérale de Crédit Mutuel - Fédération des Caisses du Crédit Mutuel du Sud-Est - Caisse de Crédit Mutuel du Sud-Est
Director General Delegate: Crédit Industriel et Commercial
Member of the Board of Directors: Boréal - CM-CIC Titres - Groupe Sofémo - Banque du

Crédit Mutuel Ile-de-France – Banco Popular Espagne
Member of the Steering Committee: Euro-Information – Bischenberg – NRJ Mobile
Member of the Supervisory Board: CM-CIC Services - Eurafric Information
Permanent representative of CCCM (administrateur *CM-CIC AM*) – de CIC (comité de direction *Euro GDS*) – de CIC Participations (administrateur de *CIC Nord-Ouest* - administrateur de *CIC Ouest*) – de Groupement des Assurances du Crédit Mutuel (administrateur de *Sérénis Vie*)

Employees

As of 30 June 2012, the Group had 65,848 employees. This figure is up from 65,174 employees as of 31 December 2011 and 57,991 employees as of 31 December 2010.

Group employees are presented by entity as of 30 June 2012 and 31 December 2011 in the following table:

	Total Employees (France and International)	
	At 30 June 2012	At 31 December 2011
Entity		
CM11	18,263	17,664
CIC	22,802	22,838
TARGOBANK Germany	6,583	6,631
Cofidis	3,946	4,407
Other	14,254	13,364
Total	**65,848**	**65,174**

The following table summarizes CM11-CIC's average number of employees at 30 June 2012 and 31 December 2011.

Average number of employees [1]	At 30 June 2012	At 31 December 2011
Banking staff	40,218	39,825
Management	21,984	21,320
Total	**62,202**	**61,145**
France	51,713	50,711
Outside of France	10,489	10,434
Total	**62,202**	**61,145**
Number of employees at period end [2]	**65,848**	**65,174**

1. Total number of employees in all entities within the scope of financial consolidation (full or proportional consolidation). Includes 275 employees of TARGOBANK Spain at 31 December 2011 and 283 employees of TARGOBANK Spain and 86 employees of Banque Casino at 30 June 2012.

2. Total number of employees in all entities controlled by the CM11-CIC Group at 30 June.

Principal Shareholders of BFCM

The following table sets out the principal shareholders of BFCM as of 30 June 2012.

Shareholders (as of 30 June 2012)	No. of shares held	% ownership [3]
CF de CM [1]	24,625,922	92.81%
Crédit Mutuel Local Banks [2] also members of FCM CEE, FCM SE, FCM IdF, FCM SMB, FCM MA, FCM C, FCM DV, FCM LACO, FCM M FCM N	72,408	0.27%
Fédération du Crédit Mutuel CEE	81	0.0%
CRCM Sud Est – Lyon	61,535	0.23%
CRCM Ile de France – Paris	146,411	0.55%
CRCM Savoie Mont Blanc – Annecy	20	0.0%
CRCM Midi Atlantique – Toulouse	24,584	0.09%
CRCM Loire Atlantique and Centre Ouest – Nantes	741,979	2.80%
CFCM Maine Anjou and Basse Normandie – Laval	222,965	0.84%
CRCM Centre – Orleans	308,766	1.16%
CRCM de Normandie – Caen	124,096	0.47%
CRCM Anjou – Angers	123,870	0.47%
CFCM Antilles-Guyane – Fort de France	2,477	0.01%
CRCM Mediterraneen	74,930	0.28%
CRCM Dauphine Vivarais	2,500	0.01%
CM Agricole et Rurale	10	0.0%
CFCM Nord Europe	1	0.0%
CFCM Ocean-La Roche sur Yon	1	0.0%
Individual	57	0.0%
Total	**26,532,613**	**100.00%**

1. Caisse Fédérale de Crédit Mutuel is a cooperative company in the form of a French corporation (*société cooperative ayant la forme de société anonyme*), affiliated with the Confédération Nationale du Crédit Mutuel, which is more than 99% owned by the ACM Vie Mutuelle and the Caisses of Crédit Mutuel of the Crédit Mutuel Centre Est Europe, Crédit Mutuel Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie Mont-Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Centre, Crédit Mutuel Dauphiné Vivarais, Crédit Mutuel Loire Atlantique et Centre Ouest, Crédit Mutuel Méditerranéen and Crédit Mutuel Normandie federations.

2. The financially autonomous, variable-capital cooperative companies (*societés cooperatives à capital variable*) Caisses de Crédit Mutuel are owned by their individual member-shareholders.

3. The percentage of voting rights is identical to the percentage of share ownership rights.

Independent Statutory Auditors

The audited consolidated financial statements of each of the BFCM Group and the Group as of 31 December 2011 and 2010 and for the years ended 31 December 2011, 2010 and 2009 have been audited by:

(a) KPMG Audit, a unit of KPMG S.A., 1, cours Valmy, 92923 Paris La Défense Cedex, France; and

(b) Ernst & Young et Autres, 1, place des Saisons, 92037 Paris La Défense Cedex, France.

Financial Statements

Unaudited Consolidated Financial Statements of the BFCM Group as of and for the Six Months Ended June 30, 2012

Audited Consolidated Financial Statements of the CM5-CIC Group as of and for the Year Ended December 31, 2010

Consolidated balance sheet

(in millions of euros)

Asset

	Notes	December 31st, 2010	December 31st, 2009
Cash and amounts due from central banks	4	7,217	9,185
Financial assets at fair value through profit or loss	5, 5b	41,229	52,963
Derivatives used for hedging purposes	6, 5b, 6b	135	1,713
Available-for-sale financial assets	7, 5b	76,529	75,723
Loans and receivables due from credit institutions	4	40,113	38,668
Loans and receivables due from customers	8	229,304	218,017
Remeasurement adjustment on interest-rate risk hedged portfolios	6	594	547
Held-to-maturity financial assets	9	10,733	9,101
Current tax assets	13	1,122	1,078
Deferred tax assets	13a	1,362	1,333
Accruals and other assets	14	15,610	16,495
Equity-accounted investments	15	1,481	517
Investment property	16	832	1,123
Property, plant and equipment	17	2,803	2,781
Intangible assets	17a	1,006	969
Goodwill	18	4,192	4,085
Total assets		**434,262**	**434,298**

◆ Liabilities

	Notes	December 31st, 2010	December 31st, 2009
Due to central banks	4a	44	1,265
Financial liabilities at fair value through profit or loss	5a, 5b	34,551	47,841
Derivatives used for hedging purposes	6, 5b, 6b	3,073	4,769
Due to credit institutions	4a	27,850	40,542
Due to customers	8a	163,467	149,740
Debt securities	19	95,035	87,341
Remeasurement adjustment on interest-rate risk hedged portfolios	6a	- 1,963	- 1,782
Current tax liabilities	13	527	395
Deferred tax liabilities	13a	939	1,126
Accruals and other liabilities	14a	12,098	12,193
Technical reserves of insurance companies	20	66,018	61,445
Provisions	21	1,529	1,187
Subordinated debt	22	7,155	6,357
Shareholders' equity		23,939	21,879
Shareholders' equity – Group share		20,508	18,733
Subscribed capital and issue premiums	23	5,139	4,918
– Consolidated reserves	*23*	*13,698*	*12,626*
– Unrealised or deferred gains and losses	*23b, 23c*	*- 291*	*- 4*
– Net income for the year		*1,961*	*1,194*
Shareholders' equity - Minority interests		3,431	3,146
Total liabilities and shareholders' equity		**434,262**	**434,298**

Consolidated income statement

(in millions of euros)

	Notes	December 31st, 2010	December 31st, 2009
Interest income	25	16,776	16,714
Interest expense	25	- 10,586	- 11,027
Commission income	26	3,662	3,453
Commission expense	26	- 903	- 890
Net gain (loss) on financial instruments at fair value through profit or loss	27	75	444
Net gain (loss) on available-for-sale financial assets	28	125	- 14
Income from other activities	29	12,648	11,091
Expenses on other activities	29	- 10,909	- 9,649
Net banking income		**10,889**	**10,122**
Operating expense	30, 30a	- 5,846	- 5,505
Depreciation, amortization and provisions for non-current assets	30b	- 510	- 443
Gross operating income		**4,533**	**4,174**
Cost of risk	31	- 1,305	- 1,987
Operating income		**3,228**	**2,187**
Share of income/(loss) of affiliates	15	26	31
Gains or losses on other assets	32	16	9
Change in value of goodwill	33	- 45	- 124
Net income before tax		**3,225**	**2,103**
Income tax	34	- 884	- 668
Net income		**2,341**	**1,435**
Net income attributable to minority interests		380	241
Net income – group share		**1,961**	**1,194**

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

	Notes	December 31st, 2010	December 31st, 2009
Net income		**2,341**	**1,435**
Translation adjustments		0	- 23
Remeasurement of available-for-sale financial assets		- 270	1,304
Remeasurement of hedging derivative instruments		- 45	- 31
Remeasurement of non-current assets		0	0
Share of unrealized or deferred gains and losses of affiliates		4	0
Total gains and losses recognized directly in shareholders' equity	23b, 23c	**- 311**	**1,251**
Net income and gains and losses recognized directly in shareholders' equity		**2,030**	**2,686**
– including group share		*1,675*	*2,276*
– including minority interests		*355*	*410*

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

Consolidated statement of net cash flows

(in millions of euros)

	2010	2009
Net income	2,341	1,435
Income taxes	884	668
Income before income tax	**3,225**	**2,103**
Net depreciation/amortization expense on property and equipment and intangible assets	507	459
Impairment of goodwill and other non-current assets	2	1
Net additions to provisions and impairment	179	1,144
Share of income/loss of affiliates	- 27	- 21
Net loss/gain from investment activities	- 24	- 9
Income/(expense) from financing activities	0	0
Other movements	- 3,094	3,228
Total non-monetary items included in income before tax and other adjustments	**- 2,458**	**4,802**
Cash flows relating to interbank transactions	- 10,580	- 21,594
Cash flows relating to customer transactions	679	20,446
Cash flows relating to other transactions affecting financial assets or liabilities	8,577	- 10,794
Cash flows relating to other transactions affecting non-financial assets or liabilities	682	- 2,043
Taxes paid	- 911	- 604
Net decrease/(increase) in assets and liabilities from operating activities	**- 1,553**	**- 14,589**
Cash flows from (used in) operating activities	**- 787**	**- 7,684**
Cash flows relating to financial assets and investments in non-consolidated companies	- 468	1,272
Cash flows relating to investment property	- 126	- 193
Cash flows relating to property, plant, equipment and intangible assets	- 397	- 559
Cash flows from (used in) investing activities	**- 991**	**521**
Cash flows relating to transactions with shareholders	- 10	977
Other net cash flows relating to financing activities	3,097	- 2,091
Cash flows from (used in) financing activities	**3,087**	**- 1,115**
Impact of movements in exchange rates on cash and cash equivalents	**127**	**19**
Net increase (decrease) in cash and cash equivalents	**1,437**	**- 8,259**
Net cash flows from (used in) operating activities	- 787	- 7,684
Net cash flows from (used in) investing activities	- 991	520
Net cash flows from (used in) financing activities	3,087	- 1,115
Impact of movements in exchange rates on cash and cash equivalents	127	19
Cash and cash equivalents at beginning of year	**4,292**	**12,551**
Cash accounts and accounts with central banks	7,920	14,152
Demand loans and deposits – credit institutions	- 3,628	- 1,600
Cash and cash equivalents at end of year	**5,729**	**4,292**
Cash accounts and accounts with central banks	7,173	7,920
Demand loans and deposits – credit institutions	- 1,444	- 3,628
Change in cash and cash equivalents	**1,437**	**- 8,259**

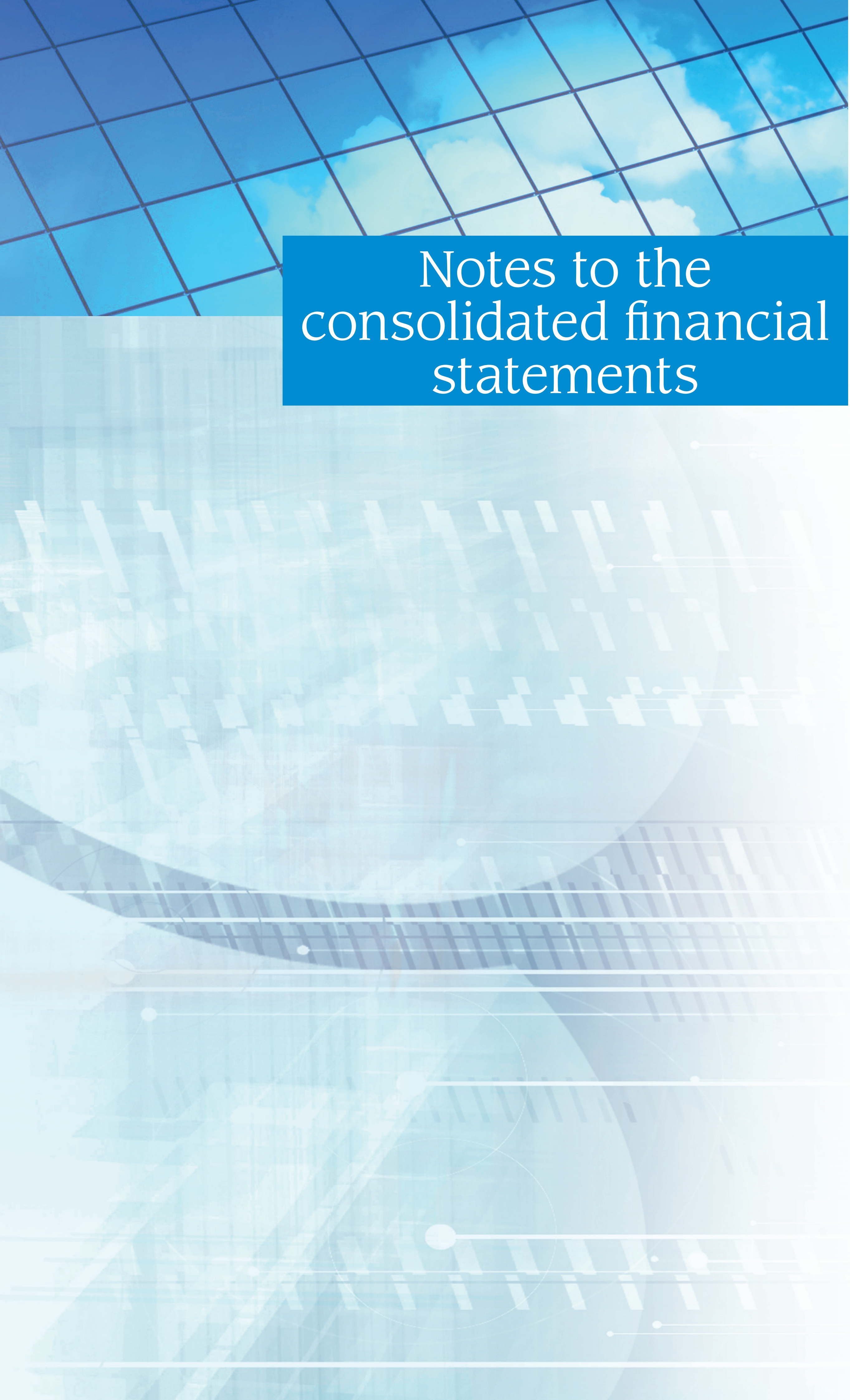
Consolidated statement of changes in shareholders' equity

(in millions of euros)

	Capital stock	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholders' equity at January 1st, 2009	**3,697**	**6**	**12,363**	**- 43**
Capital increase	1,156			
Appropriation of 2008 earnings			353	
2009 dividend paid out of 2008 earnings			- 114	
Sub-total: movements arising from shareholder relations	1,156	0	239	0
Change of unrealised or deferred gains and losses recognized in shareholder's equity				
2009 net income				
Sub-total	**0**	**0**	**0**	**0**
Impact of changes in group structure	65	- 6	60	
Translation adjustments	0			7
Variation of the rates of conversion	0	0		
Shareholders' equity at December 31st, 2009	**4,918**	**0**	**12,662**	**- 36**
Shareholders' equity at January 1st, 2010	**4,918**	**0**	**12,662**	**- 36**
Capital increase	222			
Appropriation of 2009 earnings			1,194	
2010 dividend paid out of 2009 earnings			- 172	
Sub-total: movements arising from shareholder relations	222	0	1,022	0
Change of unrealised or deferred gains and losses recognized in shareholder's equity				
2010 net income				
Sub-total	**0**	**0**	**0**	**0**
Impact of changes in group structure			9	
Translation adjustments	0			42
Other movements	0	0	0	- 1
Shareholders' equity at December 31st, 2010	**5,139**	**0**	**13,693**	**5**

1. Reserves at December 31st, 2010 include a legal reserve of 56 million euros, regulatory reserves for a total of 1,503 million euros and other reserves amounting to 12,134 million euro.

Unrealized or deferred gains and losses, net of tax		Net income attributable to equity holders of the parent company	Equity attributable to equity holders of the parent company	Non-controlling interests	Total consolidated shareholder' equity
Relating to changes in fair value of available-for-sale financial assets	Relating to changes in fair value of hedging dérivative instruments				
- 1,074	**- 12**	**353**	**15,290**	**2,218**	**17,508**
			1,156		1,156
		- 353	0		0
			- 114	- 65	- 179
0	0	- 353	1,042	- 65	977
1,063	- 31		1,032	169	1,201
		1,194	**1,194**	**241**	**1,435**
1,063	**- 31**	**1,194**	**2,226**	**410**	**2,636**
50			169	582	751
	0		0		
			7	1	8
39	**- 43**	**1,194**	**18,733**	**3,146**	**21,879**
39	**- 43**	**1,194**	**18,733**	**3,146**	**21,879**
			222		222
		- 1,194		0	0
			- 172	- 60	- 232
0	0	- 1,194	50	- 60	- 10
- 241	- 45		- 286	- 24	- 311
		1,961	**1,961**	**380**	**2,341**
- 241	**- 45**	**1,961**	**1,675**	**355**	**2,030**
			9	- 23	- 13
			42	12	54
0	0	0	- 1	0	- 1
- 202	**- 89**	**1,961**	**20,508**	**3,431**	**23,939**



Notes to the consolidated financial statements

Accounting principles and methods

Note 1.1 Accounting reference system

In application of Regulation (EC) 1606/2002 on the application of the international accounting standards and Regulation (EC) 1126/2008 on their adoption, the consolidated financial statements for the financial year have been drawn up according to the IFRS reference system adopted by the European Union on the closing date of the financial year. This IFRS reference system includes the IAS standards 1 to 41, IFRS rules 1 to 8 and their SIC and IFRIC interpretations adopted on that date. No standard not adopted by the European Union is applied. The summary documents are presented according to recommendation CNC 2009-R.04.

All the IAS/IFRS standards were updated on November 3rd, 2008 by regulation 1126/2008, which replaced regulation 1725/2003. The references are now available from the website of the European Commission: "http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm".

The risk management information required under standard IFRS 7 is addressed in a special section of the management report.

Standards IAS / IFRS	Name of the standard	Date application in European Union	Consequences of application
New accounting texts in application from January 1st, 2010			
IAS 27	Consolidated and Separate Financial Statements	June 15th, 2009	Forward-looking application
IFRS 3R	Business Combinations	July 1st, 2009	Since January 1st, 2010
Amendments of existing standards			
IFRS 1	First Time Adoption of IFRS	November 29th, 2009	No impact
	Improvements to IFRSS	March 27th, 2010	No impact
IFRS 2	Group Cash-settled Share-based Payment Transactions	March 27th, 2010	No impact
IFRS 1	Additional Exemptions for First-Time Adopters	June 27th, 2010	No impact
Interpretations			
IFRIC 12	Service Concession Arrangements	March 29th, 2009	No impact
IFRIC 15	Agreements for the Construction of Real Estate	July 26th, 2009	No impact
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	June 8th, 2009	No impact
IFRIC 17	Distributions of Non-cash Assets to Owners	November 30th, 2009	No impact
IFRIC 18	Transfers of Assets from Customers	December 4th, 2009	No impact
Standards and interpretations adopted by the European Union not yet applied			
Amendments of existing standards			
IAS 24 R	Information relative to the bound parts	Required application as of January 1st, 2010	not significant
IAS 32	Financial instruments - presentation	Required application as of January 1st, 2010	The amendment concerns the classification of the broadcasts of rights: not concerned
Interpretations			
IFRIC 14	Amendment: pre-payments of the requirements of minimal financing	Required application as of January 1st, 2011	Not concerned
IFRIC 19	Extinction of financial liabilities by means of instruments of stockholders' equities	Required application as of January 1st, 2011	Not concerned

Note 1.2 Scope and methods of consolidation

◆ Consolidating entity

The Crédit Mutuel CM5 Group (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique) is a mutual banking group with membership of a central body in the meaning of articles L 511-30 et sequentes of the monetary and financial code. The local branches of the Crédit Mutuel, which are fully held by members, are at the base of the Group, using a capital control structure that is an upside-down pyramid.

In order to reflect the community of interests of members as faithfully as possible in the consolidation, the consolidating entity is defined so as to reflect the common links of working, financial solidarity and governance.

As part of that, the consolidating entity at the head of the Group is made up of companies placed under the same collective approval for practicing the banking activity issued by the committee of credit institutions and investment companies (CECEI).

Thus, the consolidating entity is made up of:
– the Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), the Fédération du Crédit Mutuel du Sud-Est (FCMSE), the Fédération du Crédit Mutuel Ile-de-France (FCMIDF), the Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB) and the Fédération du Crédit Mutuel Midi-Atlantique (FCMMA). These are the policy bodies of the Groups, and they identify the broad orientations, decide strategy and organise the representation of the branches;
– the Caisse Fédérale de Crédit Mutuel (CF de CM), the Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), the Caisse Régionale du Crédit Mutuel Ile-de-France (CRCMIDF), the Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB) and the Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA). At the service of local branches, the CF de CM is responsible for common services of the network, coordinating the work and taking charge of Group logistics. It centralises the deposits of branches, funding them at the same time, and carries all the regulatory appropriations on their behalf (mandatory reserves, allocated resources, deposits with the Caisse Centrale du Crédit Mutuel, etc.);
– the Crédit Mutuel branches that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB and FCMMA: these form the basis of the banking network of the Group.

The analysis of the verification of the consolidating entity complies with standard IAS 27, making it possible to prepare consolidated accounts according to IFRS references.

The CM5-CIC Group became CM10-CIC on January 1st, 2011, when the Crédit Mutuel Loire-Atlantique and Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais and Méditerranéen Federations joined the Caisse Fédérale de Crédit Mutuel.

◆ Scope of consolidation

The general principles governing the inclusion of an entity in the scope are laid down by IAS 27, IAS 28 and IAS 31.

The scope of consolidation consists of:
– entities under exclusive control: there is a presumption of exclusive control when the Group holds, directly or indirectly, a majority stake in the capital and either the majority of the voting rights or the power to appoint a majority of the members of the management or supervisory bodies, or when the Group exercises a dominant influence. The accounts of the entities under exclusive control are consolidated by global integration;
– entities under joint control: joint control is the sharing, by virtue of a contractual agreement, of control over an economic activity, whatever the structures or forms according to which the activities are conducted. The entities under joint control are consolidated by the proportional method;
– entities under significant influence: these are entities that are not controlled by the consolidating entity, but over which there is a power of participation in financial and operational policy. The securities of entities in which the Group exercises a significant influence are valued by the equity method.

Entities under control or under significant influence which do not represent a significant amount in the consolidated accounts are excluded from the scope of consolidation. This situation is presumed when the balance sheet total or the company's profit or loss do not have an impact of more than 1% on the consolidated or subconsolidated equivalent (in the case of consolidation in stages). This quantitative criterion is only relative; an entity may be included in the scope of consolidation in spite of this threshold, when its activity or its anticipated development give it the quality of strategic investment.

An *ad hoc* entity is consolidated if the conditions laid down by SIC 12 (activities of the entity conducted exclusively on behalf of the Group, decision-making or management power to obtain the majority of the advantages relating to the current activities of the entity, ability to benefit from the advantages of the entity, conservation of the majority of the risks) are fulfilled.

Stakes held by development capital companies and over which joint control or significant influence are exercised are excluded from the scope of consolidation and are accounted for at fair value on option.

Changes to the scope

The changes to the scope at December 31st, 2010 are as follows:

Entries into the consolidation

– Subsidiaries of the banking network: Banco Popular Hipotecario (temporary naming of the partnership Credit Mutuel/Banco Popular), Morrocan Bank of the Foreign trade (BMCE).

– Banks of financing and activities of market: Diversified Debt Securities SICAV-SIF, Divhold.

– Private bank: transatlantic Singapore Private Ltd bank, Serficom Brasil.

– Other societies: top and Mag, Distripub, is Printing office, Governed Europe, Republican Group of Lorraine Communication (GRLC), Republican Group of Lorraine Printing offices (GRLI), Michel printing office, Inter' print, The east Freedom, Alsace, Alsace Magazines Publishing (Editions), The Republican inhabitant of Lorraine, The Publishing (Editions) of the Chessboard, Lumédia, Mediaportage, Republican of Lorraine Communication, TV Republican of Lorraine news, of Lorraine Republican Journeys, Roto Offset Imprimerie, SCI Alsace, SCI writing, SCI Gutenberg, SCI reed of Gold, Civil society of Management of Parts in Alsace (SCGPA), French Company of Edition of newspapers and commercial printed matters Alsace (SFEJICA), Sofiliest.

– Fusions / absorptions: deckchair Finances with BLC management, CIC investment Alsace with CIC Finances, CIC investment is with CIC investment, CIC investment North with CIC investment, Sodelem with CM-CIC lease and Crefidis with Cofidis.

Methods of consolidation

The methods of consolidation used are as follows:

Global integration

This method consists of substituting for the value of the securities each of the assets and liabilities of each subsidiary and of isolating the part of the non-controlling interest in the shareholders' equity and in the results. It applies to all the entities under exclusive control, including those with different accounting structures, whether or not the activity is an extension of that of the consolidating entity.

Proportional integration

This method consists in integrating into the accounts of the consolidating entity the representative fraction of its interests in the accounts of the consolidated entity, after possible restating; no minority interest is thus recognised. It applies to all the entities under joint control, including those with a different account structure, whether or not the activity is an extension of that of the consolidating entity.

Equity accounting

This means substituting for the value of the securities the Group's share in the shareholders' equity and the results of the entities concerned. It applies to all the entities under significant influence.

Closing date

All the companies in the Group included in the scope of consolidation close their corporate accounts on December 31st.

Elimination of reciprocal transactions

The reciprocal accounts as well as the profits resulting from assignments between the entities in the Group and having a significant impact on the consolidated accounts are eliminated.

Internal receivables, debts, commitments, charges and income are eliminated for the entities consolidated by global integration.

Conversion of accounts in foreign currencies

Concerning the accounts of foreign entities expressed in other currencies, the balance sheet is converted on the basis of the official exchange rate on the balance sheet date. The difference in the capital, reserves and balance carried forward is entered into the shareholders' equity, in the "Conversion reserves". The income statement is converted on the basis of the average rate over the financial year (the Group considers that the difference with the application of the course in the dates of transaction is not significant in this particular case). The resulting conversion differences are entered directly in the "Conversion reserves" account. This difference is reintegrated into the result in the event of the assignment or liquidation of all or a part of the stake held in the foreign entity.

The Group opted to reset the conversion reserves to zero in the opening balance sheet of January 1st, 2004 as allowed by IFRS 1.

Goodwill

Purchase price discrepancy

At the date when a new entity is taken over, the assets, the liabilities, as well as any contingent operating liabilities are valued at their fair value. The purchase price discrepancy corresponding to the difference between the book value and the fair value is entered into the accounts.

Goodwill

In accordance with IFRS 3R, on the date of the acquisition of control of a new entity, the assets and liabilities and any identifiable liabilities of the acquired entity that meet the accounting criteria of the IFRS standards are valued at their fair value on the date of acquisition, with the exception of non current assets listed as assets held for the purposes of sale, which are entered at their fair value less sales costs. IFRS 3R allows the entry of total or partial goodwill, with the choice being made for each grouping. In the first case, minority interests are valued at their fair value (so-called total goodwill method); in the second, they are based on their share in the values given to the assets and liabilities of the acquired entity (partial goodwill). If the goodwill is positive, it is entered as an asset; otherwise, it is immediately entered in the income, as the "net positive effect of business combination".

If the percentage of interest of the Group in an entity already under its control is increased or decreased, the difference between the acquisition cost and transfer price of the shares and the share of the consolidated equity accounted for by those securities on the date of their acquisition or transfer is entered in the equity.

The goodwill is presented as a distinct item of the balance sheet of companies subject to overall integration and under the item "Holding in companies with equity accounting" when the entities are consolidated using that method.

Goodwill no longer includes the direct costs relating to the acquisitions, which are booked in the income according to IFRS 3R.

The Group regularly carries out, and at least once a year, goodwill depreciation tests. The aim of these tests is to ensure that the goodwill has not undergone any depreciation. If the recoverable amount of the cash-generating unit (CGU) to which the goodwill allocated is less than its book value, a depreciation is entered for the amount of the difference. This depreciation, recognised as a result, is irreversible. In practise, the CGUs are defined in relation to business lines according to which the Group conducts its business.

◆ **Minority interest**

These are holdings that do not lead to control, as defined in the standard IAS 27, and include the instruments that are current interest shares, which do not give rise to a share of the net assets in case of liquidation and the other equity instruments issued by the subsidiary and not held by the Group.

Note 1.3 Accounting principles and methods

The IFRS standards offer a choice of accounting methods on certain subjects. The main options chosen by the Group concern:

– the use of the fair value or of a revaluation as the presumed cost of the fixed assets at the time of the conversion: this option may apply to any tangible fixed asset, any intangible asset that meets the revaluation criteria, or any investment property valued on the basis of the cost. The Group has chosen not to use this option;

– the immediate recognition as shareholders' equity of actuarial gains/losses relating to staff benefits has not been applied by the Group;

– the Group opted to reset the conversion reserves to zero;

– the valuation at the market price of certain liabilities issued by the company not belonging to the trading book;

– the eligibility for fair value hedging relationships of macro hedging operations carried out as part of the assets-liabilities management of fixed rate positions (including in particular clientele sight deposits) authorised by Regulation n° 2086/2004 of the European Commission, was applied by the Group;

– the Group used the IAS 39 amendment of October 2008, which permits the reclassification of certain financial instruments recognized at fair value in loans or receivables or assets held until their term. Reclassifications into assets available for sale are also possible.

Note 1.3.1 Loans and receivables

Loans and receivables are fixed or determinable income financial assets not listed on an active market. They include loans granted directly or the share in the context of syndicated loans, acquired loans and unlisted debt securities. They are recognised at their market value when they are entered into the balance sheet, which is generally the net amount paid out.

The rates applied are presumed to be market rates insofar as the scales are adjusted permanently according in particular to the rates of the great majority of competing institutions. These outstanding amounts are then valued at the following closing dates at the depreciated cost by using the effective interest rate method (except for those that have been entered into the accounts according to the fair value by option method).

Commission directly relating to the setting up of the loan, received or paid and of the interest type, is spread over the duration of the loan according to the effective interest rate method and is entered in the income statement among the interest items.

The fair value of the loans is communicated in the notes on each closing date: it corresponds to the discounting of the future flows estimated on the basis of a zero coupon rate curve which does not include a signature cost inherent to the debtor a signing cost inherent to the debtor.

Note 1.3.2 Diminution in value of loans and debts receivable, funding commitments and financial guarantees given and debt instruments available for sale or held to maturity

◆ Individual diminution in value of loans

A depreciation is recognised as soon as there is objective proof of depreciation resulting from one or more events occurring after the setting up of the loan — or of a group of loans — and liable to generate a loss. An analysis is done at each closing date contract by contract. The depreciation is equal to the difference between the book value and the discounted value at the original interest rate of the loan of the estimated flows taking account of the effect of the guarantees. In the case of a variable rate, it is the last known contractual rate that is used.

The existence of payments due and unpaid for over 3 months, 6 months for property and 9 months for local authorities, represents objective proof of a loss event. Similarly when it is probable that the debtor will not be able to pay back all the amounts due or when there is an event of default or again in the case of official receivership, an objective indication of loss is identified.

Allowances for diminution in value and provisions are entered in the cost of the risk. The reversals of diminution in value and provisions are saved as risk costs as regards the share relating to the risk variation and as interest margin as regards the share relating to the passing of time. Diminution in value is deducted from assets as regards loans and debts receivable, and the provision is entered as a liability under the item "Provisions" as regards funding and guarantee commitments.

Unrecoverable debts are entered as losses and the corresponding diminution in value and provisions are reversed.

◆ Collective diminution in value of loans

Loans to the clientele not depreciated on an individual basis are the subject of a provision for homogenous loan portfolios in the case of the deterioration of internal or external ratings, on the basis of losses in the event of a default and of the probability of a default until maturity observed internally or externally, applied to outstanding loans. It is entered as a deduction of the outstanding amounts corresponding to the assets, and the variations over the financial year are recorded under the item "Cost of risk" in the income statement.

Note 1.3.3 Lease contracts

A lease is an agreement whereby a lessor assigns to a lessee, for a given period, the right to use an asset in exchange for a payment or a series of payments.

A direct financing lease is a lease that has the effect of transferring to the lessee virtually all the risks and advantages inherent in the ownership of an asset. The transfer of ownership may occur or not, *in fine*.

A simple lease refers to any lease other than a direct financing lease.

◆ Lessor direct financing lease operations

In accordance with IAS 17, the direct financing lease operations carried out with companies outside the Group feature in the consolidated balance sheet for their outstanding amounts determined according to financial accounting.

In the lessor's accounts, the analysis of the economic substance of the operations leads to:

• recognising a financial claim on the client, depreciated by the rents received;

• breaking down the rents into, on the one hand, the interest and, on the other, the amortisation of the capital, called financial amortisation;

• recognising a net hidden reserve, equal to the difference between:

– the net financial liabilities: the lessee's debt constituting the capital remaining due and the accrued interest at the end of the financial year;

– the net book value of the fixed assets leased;

– the provision for deferred tax.

◆ Lessee direct financing lease operations

In accordance with IAS 17, the fixed assets are entered in the balance sheet assets by way of compensation for a loan with credit institutions in the liabilities. The rents paid are broken down into interest charges and reimbursement of the principal of the debt.

Note 1.3.4 Securities acquired

Shares held are classified in the three categories designated under IAS 39, "Financial instruments valued at fair value through profit or loss", "Financial assets held to maturity" and "Financial assets available for trading".

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

Classification

The category of "Financial instruments valued at fair value through profit or loss" includes:

1. financial instruments held for transaction purposes. These are mainly instruments which:

a. have been acquired to be sold or bought again in the short term, or

b. are integrated in a portfolio of financial instruments managed together for which an effective recent schedule for short term profit taking exists, or again

c. constitute a derivative not qualified as a hedge;

2. financial instruments classified by choice from the outset at the fair value through profit or loss in application of the option opened up by IAS 39 whose conditions of application were laid down by the amendment published in June 2005. The aim of the application of the fair value option is to produce more relevant financial information, with in particular:

a. the fair value valuation of certain composite financial instruments without separation of the embedded derivatives, whose separate valuation would not have been sufficiently reliable,

b. the significant reduction of distortions in accounting treatment between certain assets and liabilities,

c. the management and monitoring of the performances of a group of assets and/or liabilities corresponding to a management of the risks or an investment strategy carried out at the fair value.

The Group has used this option in particular within the framework of unit-linked contracts in the insurance business out of coherence with the treatment applying to liabilities as well as for the securities of the capital development-business and certain debts issued including embedded derivatives.

Basis for assessment and recognition of expenses and income

Instruments classified as "Assets and liabilities at fair value through profit or loss" are counted when they are entered into the balance sheet at their fair value, as well as at later closing dates, and this until they are sold. Variations in fair value and the income received or accrued on the fixed income securities classified in this category are recorded in the income statement under the item "Net income or losses on financial instruments at fair value through profit or loss".

Purchases and sales of securities valued at fair value through profit or loss are entered into the accounts on the settlement date. Variations in fair value between the trade date and the settlement date are counted in the result. The assessment of the counter-party risk on these securities is taken into account in the fair value.

Fair value or market value

The fair value is the amount at which an asset could be exchanged or a liability extinguished, between well-informed and consenting parties acting in normal conditions of competition. When an instrument is first recognised, its fair value is generally the transaction price.

The fair value in the case of the listing of the financial instrument on an active market is the price listed or market value, for this is the best estimation of the fair value.

The price quoted in the context of an asset held or a liability to be issued is generally the bid price and the ask price when it is a liability held and an asset to be acquired.

In the event of symmetrical active and passive positions, only the net position is valued according to the bid price if it is a net asset or a net liability to be issued and according to the ask price if it is a net liability or net asset to be acquired.

The market is said to be active when the prices quoted are easily and frequently available and these prices represent real transactions and occur regularly in normal conditions of competition on very similar financial instruments.

When the quotation market is not active, the fair value is determined using assessment techniques.

The derivatives are revaluated on the basis of data observable in the market (for example, rate curves). The notion of bid/ask must then be applied to these observable data.

For the securities of the capital development-business, a multi-criteria approach is applied, completed by experience in the field of valuing unlisted companies.

Classification criteria and rules for transfer

Market conditions can lead the Crédit Mutuel Group to change its investment strategy and its management intentions concerning these shares. Therefore, when it seems ill timed to transfer shares initially acquired with an objective of short-term transfer, these shares may be reclassified, in accordance with the specific regulations of amendment IAS 39 of October 2008. The transfer to categories such as "Financial assets available for trading" or "Financial assets held to maturity" is authorized under exceptional circumstances.

Transfers to the "Loans and receivables " category is possible on the condition that the Group has the intent and the ability to hold them for the foreseeable future or to maturity. The objective of these portfolio transfers is to best reflect the new intents in terms of management concerning these instruments and to reflect in a more accurate manner their impact on the results of the Group.

◆ Available-for-sale financial assets

Classification

Available for sale financial assets include the financial assets not classified as "Loans and receivables", nor as "Financial assets held until maturity" nor as "Fair value through profit or loss".

Basis for assessment and recognition of expenses and income

These assets are recognised in the balance sheet at their market value at the time of their acquisition and at future closing dates, until they are sold. Variations in fair value are recorded under a specific item of shareholders' equity called "Unrealised or deferred income or losses", outside accrued revenue. This unrealised income or losses entered into the accounts as shareholders' equity is only recognised in the income statement in the event of their sale or permanent decline in value. In the event of sale, this unrealised income or losses previously entered as shareholders' equity is recognised in the income statement under the item "Net income or losses on available-for-sale financial assets", as well as the capital gain or loss. Purchases and sales of securities are recognised on the settlement date.

The accrued or acquired revenue from fixed income securities is recognised in the results under the item "Interest and related income". The dividends received on variable income securities are recorded in the income statement under the item "Net gains or losses on available-for-sale financial assets".

Depreciation of debt instruments available to trading

Depreciations are booked in the "Cost of risk" category and are reversible. In the case of depreciations, differed capital loss or profit are booked in results.

Depreciation of capital instruments available for trading

A capital instrument is depreciated in the presence of objective indications of depreciation, either in the case of a) a major or prolonged decrease in the fair value below its price, or b) information concerning important changes with a negative effect, which occurred in the technological or legal environment where the issuer operates and which indicate that the investment cost may not be recovered.

As regards equity instruments, it is considered that a devaluation of at least 50% in relation to its cost of acquisition or over a period of over 36 consecutive months leads to diminution in value. The analysis is carried out individually for each item. A judgement is also made for securities that do not fulfil the criteria above, but where the Group believes the invested amount cannot reasonably be expected to be recovered in the near future.

Depreciations are recognized in the "Net profits or losses on financial assets available for trading" category and are irreversible as long as the instrument is reported in the balance sheet. Any ulterior decrease is also recognized in results. In the case of depreciations, differed capital losses or profits are recognized in results.

Classification criteria and rules for transfer

Fixed-interest securities may be reclassified:

– in "Financial assets held to maturity", in case of modification of intent and if conditions are met for classification under this category;

– in "Loans and receivables", in the case of modification of intent and ability to hold for the foreseeable future or to maturity and if conditions are met for classification under this category.

In the case of transfer, the fair value of the financial asset at the date of reclassification becomes the new cost or depreciated cost. No profit or loss recognized before the transfer date may be derecognized.

In the case of transfer of shares in the "Financial assets available for trading" category to "Financial asset held to maturity" or "Loans and receivables" of instruments before the maturity date, the unrealized capital losses or profits are depreciated on the residual term of the assets. For the transfer of instruments that do not have a fixed term to the "Loans and receivables" category, the unrealized capital losses or profits are recognized as equity until the securities are sold.

◆ Financial assets held to maturity

Classification

Financial assets held to maturity are fixed or determinable income financial assets necessarly listed on an active market that the Group has the intention and ability to keep until their maturity and has not decided to classify as financial instruments at fair value through profit or loss or as available-for-sale financial instruments. The criteria of intention and ability to keep securities until their maturity are checked on each closing date.

Measurement basis and recognition of costs and income

Securities are recognized at fair value at the trade date. Transaction costs are spread since they are included in the calculation of the effective interest rate except when they are not significant, in which case they are recognized in initial income. For the ulterior closings, the securities are valuated at amortized cost according to effective interest rate method, which includes amortization of premiums and discounts equivalent to the difference between the acquisition cost of the securities and the trading cost.

Income from these securities is recognized in "Interest and other income" of the income statement.

Depreciation

Financial assets held to maturity are depreciated in the same way as receivables and loans when classified as a credit risk.

Classification criteria and rules for transfer

This category includes fixed income securities or securities determined at a given date which the Group has the intention and ability of holding until term.

Eventual hedging operations in terms if interest rate classified in this category of securities are not eligible for hedging as defined under IAS 39 standards.

In addition, the possibilities for sale or transfer of the securities in this portfolio are very limited under IAS 39 standards, or run the risk of declassification of the entire portfolio of the Group and of banning access to this category for a period of two years.

◆ Fair value hierarchy of financial instruments

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

– Level 1: quoted prices in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices of level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

◆ Derivatives and hedge accounting

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

– whose fair value depends on an interest rate, the price of financial instruments, the price of raw materials, an exchange rate, a price, rate or credit index or another variable known as an underlying;
– which requires a low net investment or no investment or one lower than a non-derivative financial instrument to have the same sensitivity to the variation in the underlying;
– which is unwound at a future date.

Derivatives are part of the financial instruments held for transaction purposes except when they enter into a hedging relationship.

They are entered in the balance sheet among the financial instruments at fair value through profit or loss for their fair value. Variations in fair value and the accrued interest or interest due are entered into the accounts among the net income and losses nets on financial instruments at fair value through profit or loss.

The hedge derivatives that meet criteria required by standard IAS 39 to be qualified from an accounting point of view as hedging instruments are classified in the categories "Fair value hedges" or "Cash flow hedges" as appropriate. The other derivatives are all classified by default in the category "Transaction assets or liabilities", even if economically they have been subscribed with a view to covering one or more risks.

Embedded derivatives

An embedded derivative is a component of a hybrid instrument which, separate from its host contract, meets the definition of a derivative. Making certain cash flows vary in a similar way to that of a freestanding derivative.

This derivative is detached from the host contract to be accounted for separately as at a derivative instrument fair value through profit or loss when the three following conditions are met:

– the hybrid instrument hosting this embedded derivative is not valued at fair value through profit or loss;
– the economic characteristics of the derivative and its related risks are not considered as closely linked to those of the host contract;
– the distinct valuation of the embedded derivative to be separated is sufficiently reliable to provide relevant information.

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

Structured products are financial packages offered to customers to meet their needs more precisely. They are constructed from elementary products, generally options. There are different categories of structured products based on the following elementary products: simple options, binary options, barrier options, Asian options, look back options, options on several assets, index swaps.

There are three main families of methods of valuing these products: the methods arising out the resolution of a partial differential equation, the discrete time tree methods and the Monte-Carlo methods. The first and the last methods are used. The analytical methods applied are those selected by the market for modelling the underlying instruments used.

The parameters used for pricing are those observed or deduced via a standard model of the values observed, on the closing date. If there is no organised market, the values used are taken from the brokers most active on the corresponding products and/or extrapolated from quoted values. All the parameters used are historised. Unlisted financial futures are revalued from the prices observable in the market, according to the procedure known as "flashing". This last method consists of noting each day at the same time the prices offered and asked by several contributors via market flow software. A single price is retained for each useful market parameter.

Certain complex financial instruments and mainly single and multi-barrier underlying share structured products, generally made to measure, not very liquid and long-dated, are valued using models developed internally and valuation parameters such as long volatilities, correlations, estimations of dividends in part not observable on the active markets. When they are first entered into the accounts, these complex instruments are recorded in the balance sheet at the transaction price, which is considered as the best indication of the market value although the valuation produced by the models may be different. This difference between the negotiation price of the complex instrument and the value obtained using the internal model, generally a gain, is known as "Day one profit". The accounting laws prohibit the recognition of the margin made on products valued using models and parameters not observable on active markets. It is therefore deferred. When it concerns single underlying products without a barrier, the margin is spread over the lifespan of the instrument. For products including barrier options, in view of the specific risks relating to the management of these barriers, the margin is recognised on the maturity date of the structured product.

Hedge accounting

The IAS 39 rule allows three forms of hedging relationship. The choice of the hedging relationship is made according to the nature of the risk covered. Fair value hedging allows the hedging of exposure to variations in the fair value of financial assets or liabilities, and it is used in particular to hedge rate risks on fixed-rate assets and liabilities as well as sight deposits within the framework of the possibilities opened up by the European Union. Cash flow hedging is used to cover exposure to variations in cash flow of financial assets or liabilities, direct underwriting or future transactions. It is used in particular to hedge rate risks on revisable rate assets and liabilities, including their renewal, and the exchange risk on future revenue highly probable in foreign currencies. Net investment hedging in foreign currencies is a special type of cash flow hedging.

The Group documents the relationship between the instrument hedged and the hedging instrument, as soon as the hedging relationship is set up. This documentation includes the management objectives of the hedging relationship, the nature of the risk covered, the underlying strategy, an identification of the hedging instrument and of the item covered, as well as the methods of measuring the effectiveness of the hedge.

The Group assesses that effectiveness when the hedging relationship is first set up then throughout its lifespan, at least at each closing date.

The ineffective part of the hedge is recognised in the profit and loss account under the item "Net income or losses on financial instruments at fair value through profit or loss".

Fair value hedging

The part corresponding to the rediscount of the derivative financial instruments is entered in the income statement under the item "Income from interest and interest charges – Hedging derivative instruments" symmetrically to the income from interest or interest charges relating to the item covered.

In the case of a fair value hedging relationship, the derivatives are valued at their fair value in compensation of the income statement under the item "Net income and losses on financial instruments at fair value through profit or loss" symmetrically to the re-evaluation of the risk of items covered in results. This rule also applies if the item covered is entered into the accounts at the depreciated cost or if it is a financial asset classified as an asset available-for-sale. If the hedging relationship is perfectly effective, the variation in the fair value of the hedging instrument compensates for that of the item covered.

The hedge must be considered as "highly effective" to be able to qualify for hedge accounting. The variation of the hedging instrument at fair value or in cash flow must practically compensate for the variation of the item covered at fair value or in cash flow. The ratio between these new variations must be situated in the range from 80% to 125%.

In the event of an interruption to the hedging relationship or the failure to meet the effectiveness criteria, hedge accounting ceases to be applied on a prospective basis. The hedging derivative instruments are transferred to transaction instruments and are entered into the accounts according to the principles applicable to that category. The value in the balance sheet of the item covered is no longer adjusted afterwards to reflect the variations in fair value, and the adjustments accumulated under the hedging treatment are depreciated over the residual life of the item hedged. If the items hedged are no longer included in the balance sheet as a result in particular of early reimbursement, the adjustments accumulated are immediately entered in the income statement.

Fair value hedging by portfolio of the interest rate risk

The modifications made by the European Union to the IAS 39 rule in October 2004 allow clientele sight deposits to be included in portfolios of fixed rate liabilities.

For each portfolio of assets or liabilities, the bank checks that there is no overhedging and this for each pillar and on each closing date.

The portfolio of liabilities has maturity dates set according to the selling off rules defined by the balance sheet management.

The fair value variations of the interest rate risk of portfolios of hedged instruments are recorded in a specific line in the balance sheet "Purchase price discrepancy of rate hedged portfolios" by compensation of the income statement.

Cash flow hedging

In the case of a cash flow hedging relationship, the gains or losses of the hedging instrument considered as effective are recorded in a specific line in the shareholders' equity, "Unrealised or deferred gains or losses on cash flow hedging", whereas the part considered as ineffective is recorded in the income statement under the item "Net income or losses on financial instruments at fair value through profit or loss".

The amounts recorded in shareholders' equity are entered again in the results under the item "Income from interest and interest charges" at the same pace as the flows of the item hedged affect the results. The items hedged continue to be accounted for in accordance with the rules specific to their accounting category.

In the event of an interruption to the hedging relationship or the failure to meet the effectiveness criteria, hedge accounting ceases to be applied. The total amounts entered in shareholders' equity under the revaluation of the hedging derivative are maintained in shareholders' equity until the transaction hedged itself affects the result or when it is determined that it will not be realised. These amounts are then transferred to the results.

- **Reclassification of debt instruments**

Fixed income securities or debt instruments classified in fair value by result may be reclassified in the following categories:

a. "Held to maturity", only in a few rare cases, in the case of change of intent, and if eligible under the conditions for classification in this category;
b. "Loans and receivables", in the case of change of intent, ability of holding within a foreseeable future or until term and if eligible under the conditions for classification in this category;
c. "Available for trading", only in a few rare cases.

Fixed income securities or debt securities available for trading may be reclassified in the following categories:
a. "Held to maturity", in the case of change of intent or ability, and under the condition that they be eligible under the conditions of this category;
b. "Loans and receivables", in the case of intent or ability of holding the financial asset in the foreseeable future or until the term and under the condition that they be eligible under the conditions of this category.

In the case of transfer, the "Fair value of the financial asset" at the reclassification date becomes the new cost or "Depreciated cost". No loss or gain recognized before the date of transfer may be derecognized.

In the case of securities transferred from the "Available for trading" category to "Held to maturity" or "Loans and receivables" of debt instruments before the fixed term, the unrealized profit or loss in equity is depreciated for the remaining term of the asset. In the case of transfer of debt instruments that do not have a fixed term, to the "Loans and receivables" category, the differed unrealized profits and losses remain as equity until sale of securities.

Note 1.3.5 Debts represented by a security

Debts represented by a security (bank-issued medium-term notes, interbank market securities, debenture loans…), not classified at fair value through profit or loss on option, are entered into the accounts at their issue value, generally minus the transaction costs.

These debts are then valued at the depreciated cost according to the effective interest rate method.

Certain "structured" debt instruments may include embedded derivatives. These embedded derivatives are separated from the host contracts as long as the separation criteria are met and they can be valued in a reliable way.

The host contract is eventually entered into the accounts at the depreciated cost. The determination of the fair value is based on the quoted market price or on valuation models.

Note 1.3.6 Subordinated debts

Subordinated debts, forward or undetermined duration, are separated from the other debts represented by a security, for their reimbursement in the event of the liquidation of the debtor is only possible after paying off the other creditors. These debts are valued at the depreciated cost.

Note 1.3.7 Distinction between debts and shareholders' equity

According to the IFRIC 2 interpretation, the members' shares are shareholders' equity if the entity has an unconditional right to refuse reimbursement or if there are legal or statutory provisions forbidding or strongly limiting such reimbursement. As a result of the existing legal and statutory provisions, the capital shares issued by the structures making up the consolidating entity of the Crédit Mutuel Group are entered into the accounts as shareholders' equity.

The other financial instruments issued by the Group are qualified for accounting purposes as debt instruments as long as there is a contractual obligation for the Group to deliver funds to the holders of securities. This is the case in particular for all the subordinated securities issued by the Group.

Note 1.3.8 Provisions

Charges to and writebacks of provisions are classified by nature in the corresponding expense and income items. The provision is included in liabilities.

A provision is constituted when it is likely that an expenditure of resources representative of economic advantages will be necessary to extinguish an obligation born of a past event and when the amount of the obligation may be reliably estimated. The amount of this obligation is updated if necessary to determine the amount of the provision.

The provisions constituted by the Group cover in particular:

– operational risks;
– employee commitments;
– risks of non-execution of commitments;
– disputes and liability guarantees;
– tax risks;
– risks linked to home ownership savings.

Note 1.3.9 Debts on the clientele and on the credit institutions

These debts are fixed or determinable income financial liabilities. They are recognised at their market value when they are entered into the balance sheet, and are then valued at the following closing dates at the depreciated cost using the effective interest rate method, except for those that have been recognised at fair value on option.

◆ Regulated savings contracts

The CEL (home ownership savings account) and the PEL (home ownership savings plan) are French regulated products available to the clientele (physical persons). These products feature a remunerated savings phase that entitles the saver to a home loan in a second phase. They generate two types of commitments for the distributing establishment:

– a commitment to the future remuneration of the savings at a fixed rate (on the PEL only, as the rate of remuneration of CELs can be counted as variable rate, being periodically revised according to an indexation formula);
– a commitment to grant a loan to the customers who ask for one, at predetermined conditions (PEL and CEL).

These commitments have been estimated on the basis of behavioural statistics concerning the customers and market data.

A provision is constituted in the balance sheet liabilities in order to cover the future charges relating to the potentially unfavourable conditions of these products, compared to the interest rates offered to the clientele of private individuals for products that are similar, but not regulated in terms of remuneration. This approach is conducted by homogeneous generation in terms of regulated PEL and CEL conditions. The impacts on the results are entered among the interest paid to the clientele.

Note 1.3.10 Cash and cash equivalents

Cash and cash equivalents including the cash accounts, deposits and demand loans with central banks and credit institutions.

Within the framework of the statement of cash flows, OPCVM collective investment funds are classified as an "operational" activity and are therefore not restated as cash.

Note 1.3.11 Employee benefits

Employee benefits are entered into the accounts according to the IAS 19 rule. Employee commitments are the subject, where appropriate, of a provision entered under the item "Contingency and loss provision". Its variation is entered in the income statement under the item "Employee expenses".

Post-employment schemes with defined benefits

This refers to retirement, pre-retirement and complementary retirement schemes in which the Group retains a formal or implicit obligation to provide the benefits promised to the personnel.

The commitments are calculated according to the projected unit credit method, which consists of allocating the benefit entitlement to periods of service in application of the contractual formula for the calculation of the scheme's benefits, then updated on the basis of demographic and financial hypotheses such as:

– the discount rate determined by reference to the rate of long-term bonds of borrowings of companies of the first category at the end of the fiscal year;

– the rate of increase in salaries, measured according to age group, management/non-management categories and regional characteristics;

– inflation rates, estimated by comparison between the rate of the OAT (French treasury bond) and the OAT inflated for the different maturities;

– the rate of employee mobility, determined by age group, on the basis of the mean ratio over 3 years of the number of resignations and dismissals in relation to the number of employees on permanent contracts present at the end of the financial year;

– retirement age: the estimation is carried out individually on the basis of the actual or estimated date of entry into employment and hypotheses relating to the retirement reform law, with a maximum limit of 67 years;

– the mortality rate according to INSEE table TH/TF 00-02.

The differences generated by the changes in these hypotheses and by the differences between the previous hypotheses and realisations constitute actuarial gains/losses. When the scheme has assets, these are valued at fair value and impact the result for their expected yield. The difference between the actual yield and the expected yield also constitutes an actuarial gain/loss.

The Group has opted for the immediate recognition of actuarial gains/losses in the income statement for the financial year in the form of provisions, without spreading over the residual period of activity of the employees. Reductions and winding up of schemes generate a variation in the commitment, which is entered into the income statement for the financial year.

Complementary pension plans depending on pension funds

The AFB interim agreement dated September 13th, 1993 modified the retirement schemes of banking institutions. Since January 1st, 1994, the banks have been members of the Arrco and Agirc national funds. The four pension funds of which, according to the case, the banks in the Group are members have been merged. They ensure the payment of the different charges provided for in the interim agreement out of their reserves, which are topped up if necessary by additional annual contributions paid by the banks concerned and whose average rate over the next ten years is limited to 4% of payroll. The pension fund resulting from the mergers was changed to IGRS in 2009. It does not suffer from insufficient assets.

Other post-employment benefits with defined benefits

Long-service benefits paid on retirement and the pension supplements, including the special schemes, are provisioned. They are assessed on the basis of vested rights for all employees still working, according in particular to the staff turnover rate of the personnel specific to the consolidated entities and the estimated future salary that the beneficiary will have when he retires, increased where applicable by the social contributions. The long-service benefits paid on retirement by the Group's banks in France are covered for at least 60% by an insurance policy with ACM Vie, the Crédit Mutuel Group's insurance company and consolidated by global integration.

Post-employment benefits with defined contributions

The entities in the Group contribute to various pension schemes run by organizations independent of the Group, for which they retain no formal or implicit obligation to make supplementary payments, in particular if it is discovered that the funds' assets are not sufficient to meet its commitments.

As these schemes do not represent commitments for the Group, they are therefore not the subject of a provision. The charges are entered into the accounts in the financial year during which the contribution must be paid.

Long-term benefits

These are benefits due, other than the post-employment ones and end-of-contract payments, payable more than twelve months after the end of the financial year during which the personnel rendered the corresponding services, such as for example work medals, time savings accounts…

The Group's commitment to other long-term benefits is calculated according to the projected unit credit method. However, the actuarial gains/losses are immediately recognised in the results for the period, as the corridor method is not authorised.

Commitments to work medals are sometimes covered by insurance contracts. Only the non-covered part of this commitment may be the subject of a provision.

Additional pensions of employees

The employees of the CM5 and CIC Group are covered by the additional pension scheme of ACM Vie SA to supplement their mandatory retirement funds.

The employees of the CM5 Group benefit from two additional schemes, one with definite contributions and one with definite benefits. Entitlements to definite contributions are valid even if the employee leaves the company, unlike entitlements under the definite benefits scheme, which are only valid if they leave the company to go into retirement. The total commitment was 670 million euros on December 31st, 2010, covered by 662 million euros as special technical provisions and 31 million euros as mathematical provisions of agreements with definite benefits entered as liabilities in the balance sheet of ACM Vie SA for all the participants.

For their part, the employees of the CIC Group have additional retirement cover with definite contributions from ACM Vie SA, in addition to their mandatory retirement schemes. The total commitment was 256 million euros on December 31st, 2010, covered by 271 million euros as special technical provisions entered as liabilities in the balance sheet of ACM Vie SA for all the participants.

End-of-contract payments

These payments result from the benefit granted by the Group when a contract of employment is terminated before the normal retirement age or following an employee's decision to leave voluntarily in exchange for an indemnity. These provisions are discounted as soon as their payment is expected to be more than twelve months after the closing date.

Short-term benefits

These are benefits payable within twelve months of the end of the financial year other than end-of-contract payments, such as salaries, social security contributions and certain bonuses.

A charge is entered under these short-term benefits for the financial year during which the services giving rise to these benefits have been rendered to the company.

Note 1.3.12 Insurance activities

The accounting principles and the valuation rules specific to the assets and liabilities generated by the issuing of insurance policies, including reinsurance contracts issued or subscribed, and financial contracts containing a discretionary profit-sharing clause (which grants the subscribers of contracts the right to receive, on top of the guaranteed remuneration, a portion of the financial results realised) are drawn up in accordance with the IFRS 4 rule.

The other assets held and liabilities issued by the insurance companies consolidated by global integration follow the rules common to all the Group's assets and liabilities. The financial assets representing the technical provisions related to unit-linked contracts are thus presented under "Financial assets at fair value through profit or loss" and the corresponding assets and liabilities valued on the closing date at the realisation value of the reference medium.

Furthermore, the contracts subject to IFRS 4 continue to be entered into the accounts and consolidated as in the French standards and are valued and entered into the accounts according to the same rules with the exception of a few limited restatements, in particular those relating to the elimination of regulatory equalisation provisions and to the accounting of deferred profit-sharing in accordance with the principles of the French regulation applied to the differences in the valuation of the assets. These are mainly provisions for deferred profit-sharing relating to unrealised capital gains and losses entered into the accounts on the assets side according to IAS 39 (which corresponds, according to IFRS 4, to the application of "shadow accounting": in order to reflect the share of these unrealised capital gains and losses, "the discretionary profit-sharing element", entirely in the provisions and not in shareholders' equity). These provisions for deferred profit-sharing are presented in the liabilities or assets, by legal entity with no compensation between entities within the consolidation. In the assets, they form a distinct item.

Apart from the various provisions charged and written back in the liabilities, the other transactions generated by these contracts are valued and entered into the accounts according to the same rules. This concerns in particular contract acquisition costs, receivables and debts arising out of contracts, advances on policies and recourse and subrogations resulting from insurance and reinsurance contracts.

At the closing date, a liability sufficiency test accounted for in these contracts (net of other related assets or liabilities such as acquisition costs carried forward and the portfolio securities acquired) is carried out: it checks that the liabilities entered into the accounts are sufficient to cover the future cash flows estimated at this date. Any insufficiency of the technical provisions is recognised in the results of the period (and will be written back at a later date if necessary).

The capitalisation reserve constituted in the individual accounts of the French companies as a result of the sale of amortisable transferable securities, with the aim of deferring a part of the net capital gains earned in order to maintain the actuarial yield of the portfolio constituted to represent the contractual commitments, is cancelled in the consolidated accounts. The movements of the financial year affecting this reserve, recognised by the result in the individual accounts, are cancelled in the consolidated income statement. On the other hand, where there is a high likelihood of allocation to the insurees, in particular to take account of insurees' rights under some of the Group's entities' insurance portfolios, deferred profit-sharing is entered into the accounts following the restatement of the capitalisation reserve.

Note 1.3.13 Fixed assets

The fixed assets entered in the balance sheet include the tangible and intangible operating fixed assets as well as investment property. The operating fixed assets are used for the purposes of production of services or for administrative purposes. Investment property is immovable property held for rent and/or to increase the capital invested. It is recorded in the same way as the business premises, according to the historical cost method.

Fixed assets are entered into the accounts at their acquisition cost plus any expenses directly relevant and necessary to their return to working order in view of their use. The borrowing costs incurred during the construction or the adaptation of the immovable property are not activated.

After initial entry, the fixed assets are valued according to the historical cost method, that is to say at their cost minus the total depreciation and any losses in value.

When a fixed asset consists of several components that could be subject to replacement at regular intervals, as they have different uses or produce economic benefits at a different pace, each item is entered into the accounts separately from the outset, and each of the components is depreciated according to its own depreciation plan. The components-based approach has been chosen for the business premises and investment property.

The amortisable amount of a fixed asset is determined after deduction of its residual value net of the removal costs. The useful life of fixed asset generally being equal to the expected economic life of the asset, no residual value is recognised.

Fixed assets are depreciated over the expected useful life of the asset for the company according to its own estimated rate of consumption of the economic benefits. As intangible fixed assets have an undetermined useful life, they are not depreciated.

The depreciation provision concerning the operating fixed assets is entered into the accounts under the item "Depreciation provisions/writebacks and provisions of operating fixed assets" in the income statement.

The depreciation provisions concerning investment property are entered into the accounts under the item "Charges for other activities" in the income statement.

The ranges of depreciation periods used are:

Tangible fixed assets:

– Land, utilities, networks:	15-30 years
– Constructions-shell and structure:	20-80 years
(depending on the type of property concerned)	
– Constructions-fittings:	10-40 years
– Fittings and installations:	5-15 years
– Furnishings and office equipment:	5-10 years
– Safety equipment:	3-10 years
– Vehicles:	3-5 years
– IT equipment:	3-5 years

Intangible fixed assets:

– Software acquired or created in-house:	1-10 years
– Goodwill acquired:	9-10 years

(if acquisition of a portfolio of clientele contracts).

Amortisable fixed assets are subject to depreciation tests when the closing dates for the loss of value indices are identified. Non-amortisable fixed assets (such as leases) are subject to a depreciation test once a year.

If there is such a depreciation index, the recoverable value of the asset is compared to its net book value. If there is a loss of value, a depreciation is recognised in the income statement; it modifies the amortisable base of the asset prospectively. The depreciation is written back if there is any change to the estimation of the recoverable value or disappearance of the depreciation indices. The net book value after writeback of the loss of value may not be higher than the net book value which would have been calculated if no loss of value had been entered.

Depreciation concerning the operating fixed assets is entered into the accounts under the item "Provisions/writebacks of provisions for depreciation of operating fixed assets" in the income statement.

Depreciation concerning the investment property are entered into the accounts under the item "Charges for other activities" (for the provisions) and "Income from other activities" (for the writebacks) in the income statement.

The capital gains and losses on the sale of operating fixed assets are recorded in the income statement on the line "Net income or losses on other assets".

The capital gains and losses from the sale of investment property are recorded in the income statement on the line "Income from other activities" or "Charges for other activities".

Note 1.3.14 Tax on profit or loss

The taxes on the profit or loss include all the taxes based on the profit or loss, payable or deferred.

The tax liability on the profits or losses is calculated according to the tax regulations in force.

◆ Deferred tax

In application of IAS 12, deferred taxes are recognised on the temporary differences between the tax value and the book value of the items in the consolidated balance sheet, with the exception of goodwill.

Deferred tax is calculated according to the variable carryover method with reference to the rate of corporation tax known at the end of the financial year, and applicable during the following financial years.

Assets net of the deferred tax liability are recognised when their likelihood of use is high. The tax payable or deferred is entered into the accounts as income or an expense, with the exception of those relating to unrealised or deferred income or losses entered as shareholders' equity, for which the deferred tax is allocated directly to this item.

Deferred tax assets or liabilities are compensated for when they have their origin in the same entity or tax group, depend on the same tax authority, and when there is a legal right of compensation.

Deferred tax is not the subject of discounting.

Note 1.3.15 Interest covered by the State on certain loans

As part of measures to aid the agricultural and rural sector, as well as home acquisition, certain entities in the Group grant loans at reduced rates fixed by the government. Consequently, these entities receive from the government a bonus equal to the rate differential that exists between the rate granted to the clientele and a predefined reference rate. As a result, no loss of value is recognised on the loans benefiting from these bonuses.

The arrangements concerning this compensation mechanism are regularly re-examined by the government.

The bonuses received from the state are recorded under the item "Interest and related income" and spread over the duration of the corresponding loans, in accordance with IAS 20.

Note 1.3.16 Financial guarantees and financing commitments

Financial guarantees are assimilated with an insurance policy when they provide for specific payments to be made to reimburse its holder for a loss that he has incurred as a result of the default of a debtor specified to make a payment on a due date under the terms of a debt instrument.

In accordance with IFRS 4, these financial guarantees continue to be valued according to the French standards, namely off balance sheet, until a complement to the standard comes into effect to complete the current system. Consequently, these guarantees are the subject of a provision in the liabilities in the event of a probable expenditure of resources.

On the other hand, financial guarantee contracts which provide for payments in response to thevariations of a financial variable (price, rating or credit index…) or of a non-financial variable, as long as in this case the variable is not specific to one of the parties to the contract, enter into the scope of application of IAS 39. These guarantees are then dealt with like derivative instruments.

Financing commitments that are not considered as derivative instruments in the sense of IAS 39 do not feature in the balance sheet. They are, however, the subject of provisions in accordance with the provisions of IAS 37.

Note 1.3.17 Operations in foreign currencies

Assets and liabilities made out in a currency other than the local currency are converted at the exchange rate on the closing date.

Monetary financial assets or liabilities

Exchange gains or losses arising out of these conversions can be entered into the income statement under the item "Net income or losses on portfolio at fair value through profit or loss".

Non-monetary financial assets or liabilities

Exchange gains or losses arising out of these conversions can be entered into the income statement under the item "Net income or losses on portfolio at fair value through profit or loss" if the item is classed at fair value through profit or loss or among the unrealised or deferred gains or losses when they are available-for-sale financial assets.

When consolidated securities in foreign currencies are financed by a loan in the same currency, the latter with be the subject of cash flow hedging.

The difference between the capital, reserves and balance brought forward is entered in the conversion reserve account in equity. The profit and loss account is converted on the basis of the average price of the fiscal year. The resulting conversion differences are entered directly in the conversion reserve account. That conversion reserve is reinstated in the profit if any part of the holding in the foreign entity is liquidated or sold.

Note 1.3.18 Non-current assets intended to be sold and activities abandoned

A non-current asset (or group of assets) meets the criteria of definition of assets intended for sale if it available for sale and if its sale is highly likely and will take place within the next twelve months.

Related assets and liabilities are presented on two separate lines on the balance sheet under the items "Non-current assets intended to be sold" and "Debts relating to non-current assets intended to be sold". They are entered into the accounts at the lowest of either their book value or their fair value minus the transfer costs and are no linger depreciated.

When a loss in value is observed on this type of asset and liability, a depreciation is recorded in the result.

Activities are considered as abandoned when they are activities intended to be sold, activities that have been stopped and subsidiaries which were acquired only with a view to being sold. They are presented on a separate line in the statement under the item "Net tax income and losses on abandoned activities".

Note 1.3.19 Judgements and estimates used for drawing up the financial reports

The preparation of financial reports may require the use of assumptions and estimates that have an impact on income and expenses, assets and liabilities in the balance sheet and in the exhibits.

In this case, the administrators, based on their judgement and their experience, use information available at the date that the financial reports are produced to make the necessary assumptions. It is particularly the case for:

– depreciation of debt instruments and capital instruments,
– calculation models for measuring financial instruments that are not rated on a listed market and classified in "Available for trade" or in "Fair value by result",
– evaluation of market activity,
– measurement of the fair value of financial instruments that are not rated on a listed market and classified in "Loans and receivables" or "Held to maturity" and reporting this information in the exhibits of the financial report,
– depreciation tests on intangible assets,
– determining provisions, particularly for pension schemes and other future benefits.

Information on the balance sheet and income statement items (in millions of euros)

Note 2 Breakdown of the balance sheet and income statement by activities and geographical zones

The activities are as follows:

– The retail bank includes the branches of Crédit Mutuel CM5, the regional banks of the CIC, Targobank in Germany, Cofidis, Banco Popular Espagne, Banque Marocaine du Commerce Extérieur as well as the all the specialised activities in which the network is involved: real estate leasing, factoring, collective management, employee savings schemes, property.

– The insurance business consists of the Assurances du Crédit Mutuel Group.

– The financing and market activities cover:

a. the financing of large companies and institutional clients, specialised financing, the international market and foreign subsidiaries;

b. the market activities in the wider sens, that is the activities concerning interest and exchange rates and shares, whether they are exercised on behalf of the clientele or for own account, including stock market intermediation.

– The private banking activities include the companies whose main activities it is, both in France and abroad.

– A development capital activity exercised for own account and financial engineering constitute one sector of the business.

– The holding structure includes elements that cannot be assigned to another activity (holding) as well as the logistics structures: the intermediate holdings, the operating property lodged in specific entities and the IT entities.

The consolidated entities are allocated fully to their main activity on the basis of their contribution to the consolidated accounts. Only two entities form an exception, the CIC and the BFCM due to their presence in several activities. In this case, the company accounts have been subjected to an analytical breakdown. The balance sheet is broken down in the same way.

Breakdown of the statement of financial position items by business line

Assets 2010

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

Liabilities 2010

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

Assets 2009

	Retail banking	Insurance
Cash, central banks, post office banks – Assets	3,115	0
Financial assets at fair value through profit or loss	152	12,885
Hedging derivative instruments – Assets	1,085	50
Available-for-sale financial assets	840	42,448
Loans and receivables due from credit institutions	21,785	11
Loans and advances to customers	194,659	261
Held-to-maturity financial assets	63	7,509
Equity-accounted investments	267	262

Liabilities 2009

	Retail bank	Insurance
Cash, central banks, post office banks – Liabilities	0	0
Financial assets at fair value through profit or loss	78	1
Hedging derivative instruments – Liabilities	2,223	0
Amounts due to credit institutions	0	0
Amounts due to customers	117,674	48
Debt securities	20,251	0

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

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
0	44	0	0	44
32,200	162	0	(39)	34,551
1,561	423	0	63	3,073
27,506	344	0	0	27,850
6,744	13,621	0	12,215	163,467
70,231	32	0	2,659	95,035

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
4,150	679	0	1,241	9,185
37,738	111	1,682	396	52,963
153	18	0	407	1,713
24,733	5,681	1	2,020	75,723
11,374	5,395	1	104	38,668
17,728	4,760	0	609	218,017
1,522	6	0	(0)	9,101
0	1	0	(14)	517

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
0	1,265	0	0	1,265
47,627	94	0	42	47,841
2,004	446	0	96	4,769
40,143	398	0	0	40,542
6,268	13,472	0	12,278	149,740
64,429	50	0	2,611	87,341

Breakdown of the income statement items by business line

December 31st, 2010

	Retail banking	Insurance	Financing and capital markets
Net banking income	8,401	1,198	1,074
General and administrative expense	- 4,890	- 367	- 262
Gross operating income	**3,511**	**831**	**812**
Net additions to (reversals of) provisions for loan losses	- 1,154	0	- 32
Net gain (loss) on disposal of other assets	30	- 3	0
Net income before tax	**2,388**	**828**	**780**
Income tax	- 800	- 144	- 190
Net income	1,588	684	590
Non-controlling interests			
Net income – group share			

December 31st, 2009 pro-forma

	Retail banking	Insurance	Financing and capital markets
Net banking income	7,661	956	1,532
General and administrative expense	- 4,681	- 364	- 271
Gross operating income	**2,980**	**593**	**1,262**
Provision for credit losses	- 1,538	0	- 379
Net gain (loss) on disposal of other assets [1]	22	21	0
Net income before tax	**1,464**	**614**	**882**
Income tax	- 497	- 165	- 273
Net income	**967**	**448**	**610**
Non-controlling interests			
Net income – group share			

To make the accounts comparable between 2009 and 2010, 2009 amounts were restated for the following impacts:
a. Impact of reclassifications between “retail banking” and “inter-businesses” (no effect on net accounting income)
1. Retail Banking: Net banking income (-31) General and administrative expenses (+31)
3. Inter-businesses: Net banking income (+31) General and administrative expenses (-31)
b. Impact of reclassifications between “Logistics and holding company” and “inter-businesses” (no effect on net accounting income)
2. Logistics and holding company: Net banking income (-208) General and administrative expenses (+208)
3. Inter-businesses: Net banking income (+208) General and administrative expenses (-208)

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

Private banking	Private equity	Logistics and holding company [2]	Inter-businesses [3]	Total
397	49	- 104	- 369	10,122
- 303	- 28	- 671	369	- 5,949
94	**21**	**- 775**		**4,174**
1	0	- 71		- 1,987
0	0	- 126		- 83
95	**21**	**- 972**		**2,103**
- 24	- 1	293		- 668
70	**20**	**- 680**		**1,435**
				241
				1,194

Breakdown of the statement of financial position items by geographic region

Assets

	December 31st, 2010		
	France	Europe excluding France	Other countries [1]
Cash, central banks, post office banks – Assets	2,074	1,166	3,977
Financial assets at fair value through profit or loss	38,562	1,080	1,586
Hedging derivative instruments – Assets	124	10	1
Available-for-sale financial assets	69,099	6,189	1,241
Loans and receivables due from credit institutions	32,330	4,841	2,942
Loans and advances to customers	204,849	21,371	3,084
Held-to-maturity financial assets	10,727	6	0
Equity-accounted investments	840	173	468

Liabilities

	December 31st, 2010		
	France	Europe excluding France	Other countries [1]
Cash, central banks, post office banks – Liabilities	0	44	0
Financial assets at fair value through profit or loss	32,843	1,518	190
Hedging derivative instruments – Liabilities	2,623	426	23
Amounts due to credit institutions	10,596	13,486	3,768
Amounts due to customers	140,005	22,539	924
Debt securities	77,244	9,985	7,805

1. USA, Singapore, Tunisia and Morocco.

Breakdown of the income statement items by geographic region

	December 31st, 2010		
	France	Europe excluding France	Other countries [1]
Net banking income [2]	8,534	2,011	343
General and administrative expense	- 4,952	- 1,330	- 74
Gross operating income	**3,582**	**681**	**269**
Net additions to (reversals of) provisions for loan losses	- 524	- 602	- 180
Net gain (loss) on disposal of other assets [3]	- 25	- 12	33
Net income before tax	**3,034**	**68**	**122**
Net income	2,172	58	110
Net income – group share	**1,853**	**10**	**98**

1. USA, Singapore, Tunisia and Morocco.
2. In 2010, 24% of the Net banking income (excluding Logistics and holding business line) came from foreign operations.
3. Including net profit of the entities put in equivalence and the losses of value on goodwill.

Total	December 31st, 2009 France	Europe excluding France	Other countries [1]	Total
7,217	5,850	2,280	1,055	9,185
41,229	52,301	285	377	52,963
135	1,679	32	3	1,713
76,529	68,531	6,306	886	75,723
40,113	30,201	5,509	2,959	38,668
229,304	194,568	20,572	2,877	218,017
10,733	9,096	6	0	9,101
1,481	94	163	260	517

Total	December 31st, 2009 France	Europe excluding France	Other countries [1]	Total
44	0	1,265	0	1,265
34,551	43,440	4,205	195	47,841
3,073	4,299	465	4	4,769
27,850	26,870	11,592	2,081	40,542
163,467	125,742	23,136	862	149,740
95,035	70,877	11,413	5,051	87,341

Total	December 31st, 2009 France	Europe excluding France	Other countries [1]	Total
10,889	7,882	1,926	314	10,122
- 6,356	- 4,650	- 1,231	- 68	- 5,949
4,533	**3,232**	**695**	**246**	**4,174**
- 1,305	- 946	- 766	- 274	- 1,987
- 3	- 112	- 0	29	- 83
3,225	**2,173**	**- 71**	**1**	**2,103**
2,341	1,494	- 30	- 29	1,435
1,961	**1,242**	**- 20**	**- 28**	**1,194**

Note 3 Composition of the scope of consolidation

In accordance with the opinion of the Banking Commission, the parent company of the Group consists of the companies included in the scope of the consolidation. The entities that make it up are:
– the Fédération du Crédit Mutuel Centre Est Europe (FCMCEE),
– the Fédération du Crédit Mutuel du Sud-Est (FCMSE),
– the Fédération du Crédit Mutuel d'Ile-de-France (FCMIDF),
– the Fédération du Crédit Mutuel de Savoie-Mont Blanc (FCMSMB),
– the Fédération du Crédit Mutuel Midi-Atlantique (FCMMA),
– the Caisse Fédérale de Crédit Mutuel (CF de CM),
– the Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE),
– the Caisse Régionale du Crédit Mutuel Ile-de-France (CRCMIDF),
– the Caisse Régionale du Crédit Mutuel de Savoie-Mont Blanc (CRCMSMB),
– the Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA),
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel Centre Est Europe,
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel du Sud-Est,
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel Ile-de-France,
– the Caisses de Crédit Mutuel members of the Fédération du Crédit Mutuel de Savoie-Mont Blanc,
– the Caisses de Crédit Mutuel adhérentes of the Fédération du Crédit Mutuel Midi-Atlantique,
– the Cautionnement Mutuel de l'Habitat (CMH).

	December 31st, 2010			December 31st, 2009		
	% Control	% Interest	Method [1]	% Control	% Interest	Method [1]
Banking income						
Banque de l'Economie du Commerce et de la Monétique	96	92	IG	99	94	IG
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	96	IG	100	96	IG
CIC Ouest (ex-CIC Banque CIO-BRO)	100	89	IG	100	89	IG
CIC Banque Nord-Ouest (ex-CIC Banque Scalbert Dupont – CIN)	100	89	IG	100	89	IG
Caisse Agricole du Crédit Mutuel	100	100	IG	100	100	IG
Crédit Industriel et Commercial (CIC)	93	89	IG	92	89	IG
CIC Est	100	89	IG	100	89	IG
CIC Iberbanco	100	96	IG	100	96	IG
CIC Lyonnaise de Banque (LB)	100	89	IG	100	89	IG
CIC Sud-Ouest (ex-Société Bordelaise de CIC (SBCIC))	100	89	IG	100	89	IG
Targobank AG & Co. KGa A	100	96	IG	100	96	IG
Subsidiaries of the banking income						
Banco Popular Hipotecario	50	48	IP			NC
Banque de Tunisie	20	19	ME	20	19	ME
Banque Marocaine du Commerce Exterieur (BMCE)	25	24	ME			NC
Banca Popolare di Milano	5	4	ME	5	4	ME
Caisse Centrale du Crédit Mutuel	26	26	ME	26	26	ME
CM-CIC Asset Management	84	80	IG	84	80	IG
CM-CIC Bail	100	89	IG	100	88	IG
CM-CIC Covered Bonds	100	96	IG	100	96	IG
CM-CIC Epargne salariale	100	89	IG	100	89	IG
CM-CIC Gestion	100	89	IG	100	89	IG
CM-CIC Laviolette Financement	100	89	IG	100	89	IG
CM-CIC Lease	100	92	IG	100	92	IG
CM-CIC Leasing Benelux	100	89	IG	100	88	IG
CM-CIC Leasing GmbH	100	89	IG	100	88	IG
Cofidis Argentine	66	22	IG	66	22	IG
Cofidis Belgique	100	33	IG	100	33	IG
Cofidis Espagne	100	33	IG	100	33	IG
Cofidis France	100	33	IG	100	33	IG

	December 31st, 2010			December 31st, 2009		
	% Control	% Interest	Method [1]	% Control	% Interest	Method [1]
Cofidis Italie	100	33	IG	100	33	IG
Cofidis République tchèque	100	33	IG	100	33	IG
Cofidis Roumanie	100	33	IG	100	33	IG
Cofidis Slovaquie	100	33	IG	100	33	IG
Creatis	100	33	IG	100	33	IG
Crefidis			FU	100	33	IG
C2C	100	33	IG	100	33	IG
Factocic	85	79	IG	51	49	IG
FCT CM-CIC Home loans	100	96	IG	100	96	IG
Monabanq	100	33	IG	66	22	IG
Saint-Pierre SNC	100	89	IG	100	89	IG
SCI La Tréflière	100	98	IG	100	98	IG
Sofim	100	89	IG	100	89	IG
SOFEMO – Société Fédérative Europ. de Monétique et de Financement	100	93	IG	100	93	IG
Targo Dienstleistungs GmbH	100	96	IG	100	96	IG
Targo Finanzberatung GmbH	100	96	IG	100	96	IG
Financing and market operations banks						
Banque Fédérative du Crédit Mutuel	96	96	IG	96	96	IG
Cigogne Management	100	92	IG	100	92	IG
CM-CIC Securities	100	89	IG	100	89	IG
Diversified Debt Securities SICAV - SIF	100	91	IG			NC
Divhold	100	91	IG			NC
Ventadour Investissement	100	96	IG	100	96	IG
Private banking						
Agefor SA Genève	70	62	IG	70	62	IG
Alternative gestion SA Genève	45	55	ME	45	55	ME
Banque de Luxembourg	100	91	IG	100	91	IG
Banque Pasche (Liechtenstein) AG	53	47	IG	53	47	IG
Banque Pasche Monaco SAM	100	89	IG	100	89	IG
Banque Transatlantique	100	89	IG	100	89	IG
Banque Transatlantique Belgium	100	87	IG	100	87	IG
Banque Transatlantique Luxembourg	90	85	IG	90	85	IG
Banque Transatlantique Singapore Private Ltd	100	89	IG			NC
Calypso Management Company	70	62	IG	70	62	IG
CIC Private Banking – Banque Pasche	100	89	IG	100	89	IG
CIC Suisse	100	89	IG	100	89	IG
Dubly-Douilhet	63	56	IG	63	56	IG
GPK Finance	100	89	IG	89	79	IG
LRM Advisory SA	70	62	IG	70	62	IG
Pasche Bank & Trust Ltd Nassau	100	89	IG	100	89	IG
Pasche Finance SA Fribourg	100	89	IG	100	89	IG
Pasche Fund Management Ltd	100	89	IG	100	89	IG
Pasche International Holding Ltd	100	89	IG	100	89	IG
Pasche SA Montevideo	100	89	IG	100	89	IG
Serficom Brasil	52	45	IG			NC
Serficom Family Office Inc	100	89	IG	100	89	IG
Serficom Family Office Ltda Rio	52	46	IG	52	46	IG
Serficom Family Office SA	100	89	IG	100	89	IG
Serficom Investment Consulting (Shanghaï)	100	89	IG	100	89	IG
Serficom Maroc SARL	100	89	IG	100	89	IG
Transatlantique Finance			FU	100	89	IG
Transatlantique Gestion (ex-BLC Gestion)	100	89	IG	100	89	IG
Valeroso Management Ltd	100	89	IG	45	55	ME

	December 31st, 2010			December 31st, 2009		
	% Control	% Interest	Method [1]	% Control	% Interest	Method [1]
Development capital						
CIC Banque de Vizille	98	87	FC	98	87	FC
CIC Finance	100	89	FC	100	89	FC
CIC Investissement	100	89	FC	100	89	FC
CIC Investissement Alsace			MER	100	89	FC
CIC Investissement Est			MER	100	89	FC
CIC Investissement Nord			MER	100	89	FC
CIC Vizille Participations	100	87	FC	100	88	FC
Financière Voltaire	100	89	FC	100	89	FC
Institut de Participations de l'Ouest (IPO)	100	89	FC	100	89	FC
IPO Ingénierie	100	89	FC	100	89	FC
Sudinnova	63	55	FC	57	50	FC
Vizille Capital Finance	100	87	FC	100	87	FC
Vizille Capital Innovation	100	87	FC	100	87	FC
Holding and logistics [1]						
Adepi	100	89	FC	100	89	FC
Carmen Holding Investissement	67	64	FC	67	64	FC
CIC MFCrations	100	89	FC	100	89	FC
CIC Participations	100	89	FC	100	89	FC
Cicor	100	89	FC	100	89	FC
Cicoval	100	89	FC	100	89	FC
CM Akquisitions	100	96	FC	100	96	FC
CM-CIC Services	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de paiement	50	49	FC	50	49	FC
Cofidis Participations	51	33	FC	51	33	FC
Est Bourgogne Rhône-Alpes (EBRA)	100	96	FC	100	96	FC
Efsa	100	89	FC	100	89	FC
Euro-Information	73	71	FC	73	71	FC
Euro-Information Développement	100	71	FC	100	71	FC
EIP	100	100	FC	100	100	FC
Gesteurop	100	89	FC	100	89	FC
Gestunion 2	100	89	FC	100	89	FC
Gestunion 3	100	89	FC	100	89	FC
Gestunion 4	100	89	FC	100	89	FC
Groupe *Républicain Lorrain* – GRLC	100	96	FC			NC
Impex Finance	100	89	FC	100	89	FC
Marsovalor	100	89	FC	100	89	FC
NRJ Mobile	90	64	FC	90	64	FC
Pargestion 2	100	89	FC	100	89	FC
Pargestion 4	100	89	FC	100	89	FC
Placinvest	100	89	FC	100	89	FC
Société civile de gestion des parts dans *L'Alsace* – SCGPA	100	98	FC			NC
Société française d'édition de journaux et d'imprimés commerciaux *L'Alsace* – SFEJIC	99	95	FC			NC
Sofiholding 2	100	89	FC	100	89	FC
Sofiholding 3	100	89	FC	100	89	FC
Sofiholding 4	100	89	FC	100	89	FC
Sofinaction	100	89	FC	100	89	FC
Targo Akademie	100	96	FC	100	96	FC
Targo Deutschland GmbH	100	96	FC	100	96	FC
Targo IT Consulting GmbH	100	96	FC	100	96	FC
Targo Management AG	100	96	FC	100	96	FC
Targo Realty Services GmbH	100	96	FC	100	96	FC
UfFCestion 2	100	89	FC	100	89	FC
Ugépar Service	100	89	FC	100	89	FC

	December 31st, 2010			December 31st, 2009		
	% Control	% Interest	Method [1]	% Control	% Interest	Method [1]
Valimar 2	100	89	IG	100	89	IG
Valimar 4	100	89	IG	100	89	IG
VTP 1	100	89	IG	100	89	IG
VTP 5	100	89	IG	100	89	IG
Insurance companies						
ACM IARD	96	70	IG	96	70	IG
ACM Nord IARD	49	35	ME	49	35	ME
ACM Vie	100	72	IG	100	72	IG
ACM Vie, Société d'Assurance Mutuelle	100	100	IG	100	100	IG
Astree	30	22	ME	30	22	ME
Euro Protection Services	100	72	IG	100	72	IG
Groupe des Assurances du Crédit Mutuel (GACM)	77	72	IG	100	72	IG
ICM Life	100	72	IG	100	70	IG
ICM Ré	100	70	IG	100	72	IG
Immobilière ACM	100	72	IG	100	100	IG
MTRL	100	100	IG	100	72	IG
Partners	100	72	IG	100	72	IG
Procourtage	100	72	IG	100	72	IG
RMA Watanya	22	16	ME	20	14	ME
Serenis Assurances	100	72	IG	100	72	IG
Serenis Vie	100	72	IG	100	72	IG
Royal Automobile Club de Catalogne	49	35	ME	49	35	ME
Other companies						
ACM GIE	100	72	IG	100	72	IG
ACM Services	100	72	IG	100	72	IG
Agence générale d'informations régionales	49	47	ME	100	96	IG
Cime & mag	100	95	IG			NC
Darcy presse			NC	100	95	IG
Distripub	100	95	IG			NC
Documents AP	100	96	IG	100	96	IG
Est imprimerie	100	93	IG			NC
Europe Regie	66	62	IG			NC
Groupe Progrès	100	96	IG	100	96	IG
Groupe Républicain Lorrain Imprimeries – GRLI	100	96	IG			NC
Immocity	100	96	IG	100	96	IG
Imprimerie Michel	100	96	IG			NC
Information pour la communication			FU	50	48	IG
Interprint	100	96	IG			NC
Jean Bozzi Communication	100	96	IG	100	96	IG
La Gazette indépendante de Saône-et-Loire			FU	100	96	IG
La Liberte de l'Est	49	47	MEE			NC
La Tribune	100	96	IG	100	96	IG
L'Alsace	100	95	IG			NC
L'Alsace Magazines Editions – L'Ame	0	0	NC			NC
Le Bien Public	100	96	IG	100	96	IG
Le Dauphiné Libéré	100	96	IG	100	96	IG
Le Républicain Lorrain	100	96	IG			NC
Les Editions de l'Echiquier	100	95	IG			NC
Les Journaux de Saône-et-Loire	100	96	IG	100	96	IG
Lumedia	50	48	IP			NC
Lyon Plus			FU	100	96	IG
Lyonnaise de télévision			NC	60	57	IG
Massena Property	100	72	IG	100	72	IG
Massimob	100	70	IG	100	70	IG

	December 31st, 2010			December 31st, 2009		
	% Control	% Interest	Method [1]	% Control	% Interest	Method [1]
Mediaportage	100	95	IG			NC
Presse Diffusion	100	96	IG	100	96	IG
Promopresse	100	96	IG	100	96	IG
Publiprint Dauphiné	100	96	IG	100	96	IG
Publiprint Province n° 1	100	96	IG	100	96	IG
Républicain Lorrain – TV news	100	96	IG			NC
Républicain Lorrain Communication	100	96	IG			NC
Républicain Lorrain voyages	100	96	IG			NC
Rhône offset Presse			FU	100	96	IG
Roto offset Imprimerie	100	95	IG			NC
SCI 6, place Joubert			NC	100	96	IG
SCI ADS	100	72	IG	100	72	IG
SCI Alsace	90	85	IG			NC
SCI du Palais			NC	100	96	IG
SCI Ecriture	100	95	IG			NC
SCI Gutenberg	100	96	IG			NC
SCI Hôtel-de-Ville			NC	100	96	IG
SCI Le Progrès Confluence	100	96	IG	30	29	ME
SCI Roseau d'or	100	95	IG			NC
SIIC Foncière Massena	78	56	IG	77	55	IG
Société d'édition des hebdomadaires et périodiques locaux	100	95	IG	100	95	IG
Sofiliest	49	47	MEE			NC

1. Method:
IG = Global Integration.
IP = Proportional Consolidation.
ME = Equity accounting.
NC = Not Consolidated.
FU = Merged.

Note 4 Cash, Central banks

◆ Loans and receivables due from credit institutions

	December 31st, 2010	December 31st, 2009
Cash, and amounts due from Central banks		
Amounts due from Central banks	6,399	8,322
– including reserve requirements	*1,668*	*3,233*
Cash	818	863
Total	**7,217**	**9,185**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	13,283	12,481
Other current accounts in debit	4,561	2,877
Loans	7,222	6,779
Other receivables	7,405	8,454
Securities not listed in an active market	4,681	5,881
Repurchase agreements	1,742	855
Individually impaired receivables	1,267	1,506
Accrued income	301	357
Impairment provisions	- 350	- 520
Total	**40,113**	**38,668**

1. Mainly outstanding repayments for CDC (LEP, LDD, Livret bleu).

◆ Amounts due to credit institutions

	December 31st, 2010	December 31st, 2009
Due to central banks	44	1,265
Due to credit institutions		
Crédit Mutuel network accounts	3,563	2,045
Other current accounts	17,295	34,164
Borrowings	2,870	2,316
Other	4,052	1,929
Repurchase agreements	69	88
Total	**27,894**	**41,807**

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

	December 31st, 2010			December 31st, 2009		
	Transaction	Fair value by option	Total	Transaction	Fair value by option	Total
Securities	**15,931**	**14,329**	**30,260**	**19,302**	**15,328**	**34,629**
– Government securities	2,766	30	2,796	4,754	*88*	*4,843*
– Bonds and other fixed-income securities	11,994	3,790	15,784	12,307	3,749	16,056
Listed	*11,994*	*3,743*	*15,737*	*12,307*	*3,680*	*15,987*
Unlisted	*0*	*48*	*48*	*0*	*69*	*69*
– Equities and other variable-income securities	1,171	10,509	11,680	2,241	11,490	13,731
Listed	*1,171*	*8,933*	*10,104*	*2,241*	*9,979*	*12,219*
Unlisted	*0*	*1,575*	*1,575*	*0*	*1,511*	*1,511*
Trading derivative instruments	2,521	0	2,521	3,358	0	3,358
Other financial assets		8,448	8,448		14,975	14,975
– including resale agreements		*8,448*	*8,448*		*14,974*	*14,974*
Total	**18,451**	**22,778**	**41,229**	**22,660**	**30,303**	**52,963**

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

	December 31st, 2010	December 31st, 2009
Financial liabilities held for trading	7,312	9,786
Financial liabilities at fair value by option through profit or loss	27,239	38,055
Total	**34,551**	**47,841**

Note 5b Financial liabilities held for trading

	December 31st, 2010	December 31st, 2009
Short selling of securities	1,864	4,168
– Government securities	*1*	*0*
– Bonds and other fixed-income securities	*1,315*	*3,496*
– Equities and other variable-income securities	*548*	*673*
Trading derivative instruments	4,687	5,276
Derivatives held for trading	760	342
Total	**7,312**	**9,786**

Note 5c Financial liabilities at fair value by option through profit or loss

	December 31st, 2010			December 31st, 2009		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	473	472	1	3,670	3,668	2
Securities issued	25,615	25,609	6	27,193	27,175	18
Due to customers	1,151	1,151	0	7,192	7,192	0
Total	**27,239**	**27,232**	**7**	**38,055**	**38,035**	**20**

Note 5d Fair value hierarchy

	December 31st, 2010			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale	72,931	2,115	1,482	76,529
– *Government and similar securities, available-for-sale*	*13,973*	*0*	*0*	*13,973*
– *Bonds and other fixed-income securities, available-for-sale*	*51,128*	*2,082*	*337*	*53,547*
– *Equities and other variable-income securities, available-for-sale*	*6,158*	*0*	*71*	*6,229*
– *Investments in non-consolidated companies and other LT investments, available-for-sale*	*1,648*	*9*	*390*	*2,047*
– *Investments in associates, available-for-sale*	*24*	*24*	*684*	*732*
Transaction / Fair value by option	25,063	12,967	3,200	41,229
– *Government and similar securities, transaction*	*2,634*	*132*	*0*	*2,766*
– *Government and similar securities, fair value by option*	*30*	*0*	*0*	*30*
– *Bonds and other fixed-income securities, transaction*	*8,960*	*1,455*	*1,579*	*11,994*
– *Bonds and other fixed-income securities, fair value by option*	*3,252*	*539*	*- 1*	*3,790*
– *Equities and other variable-income securities, transaction*	*1,156*	*0*	*15*	*1,171*
– *Equities and other variable-income securities, fair value by option*	*8,941*	*0*	*1,568*	*10,509*
– *Loans and receivables due from credit institutions, Fair value by option*	*0*	*4,077*	*0*	*4,077*
– *Loans and receivables due from customers, fair value by option*	*0*	*4,372*	*0*	*4,372*
– *Derivative instruments and other financial assets, transaction*	*30*	*2,392*	*99*	*2,521*
Hedging derivative instruments	3	125	7	135
Total	**97,937**	**15,207**	**4,749**	**117,893**
Financial liabilities				
Transaction / Fair value by option (FVO)	2,659	31,841	51	34,551
– *Due to credit institutions – Fair value by option*	*0*	*25,615*	*0*	*25,615*
– *Due to customers – Fair value by option*	*0*	*1,151*	*0*	*1,151*
– *Debt securities – Fair value by option*	*0*	*473*	*0*	*473*
– *Subordinated debt – Fair value by option*	*0*	*0*	*0*	*0*
– *Derivative instruments and other financial liabilities – Transaction*	*2,659*	*4,602*	*51*	*7,312*
Hedging derivative instruments	3	2,416	654	3,073
Total	**2,662**	**34,257**	**705**	**37,624**

There are three levels of fair value of financial instruments, in accordance with what has been defined by standard IFRS 7:
– Level 1: quoted prices in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices of level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Level 3 details

	Opening	Purchases	Sales	Gains and losses recognized in profit	Other transactions	Closing
Equities and other variable-income securities Fair value by option	1,536	262	- 372	168	- 26	1,568

Note 6 Hedging derivative instruments

	December 31st, 2010		December 31st, 2009	
	Assets	Liabilities	Assets	Liabilities
Cash Flow Hedge	4	45	2	26
Fair value hedge (change in value recognized through profit or loss)	131	3,028	1,712	4,743
Total	**135**	**3,073**	**1,713**	**4,769**

Note 6a Remeasurement adjustment on investments hedged against interest risk

	Fair value December 31st, 2010	Fair value December 31st, 2009	Change in fair value
Fair value of interest rate risk by investment category			
Financial assets	594	547	47
Financial liabilities	- 1,963	- 1,782	- 181

Note 6b Analysis of derivative instruments

	December 31st, 2010			December 31st, 2009		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– Swaps	*380,632*	*1,630*	*3,656*	*352,929*	*1,967*	*4,138*
– Other forward contracts	*10,704*	*4*	*0*	*13,486*	*24*	*1*
– Options and conditional transactions	*48,440*	*213*	*259*	*60,927*	*458*	*438*
Foreign exchange derivative instruments						
– Swaps		*39*	*85*		*21*	*43*
– Other forward contracts	*36*	*121*	*101*	*231*	*147*	*123*
– Options and conditional transactions	*15,865*	*169*	*169*	*14,769*	*157*	*158*
Derivative instruments other than interest-rate and foreign exchange						
– Swaps	*22,289*	*288*	*347*	*23,699*	*289*	*230*
– Other forward contracts	*3,598*	*0*	*0*	*6,045*	*0*	*3*
– Options and conditional transactions	*1,624*	*56*	*70*	*14,376*	*296*	*142*
Sub-total	**483,187**	**2,521**	**4,687**	**486,462**	**3,358**	**5,276**
Hedging derivative instruments						
Fair value hedging derivative instruments						
– Swaps	*67,075*	*131*	*3,028*	*72,375*	*1,659*	*4,743*
– Options and conditional transactions	*2*	*1*	*0*	*14*	*53*	*0*
Cash flow hedging derivative instruments						
– Swaps	*0*	*2*	*45*	*86*	*0*	*26*
– Options and conditional transactions	*0*	*2*	*0*	*0*	*1*	*0*
Sub-total	**67,077**	**135**	**3,073**	**72,474**	**1,713**	**4,769**
Total	**550,264**	**2,656**	**7,760**	**558,937**	**5,072**	**10,045**

Note 7 Available-for-sale fnancial assets

	December 31st, 2010	December 31st, 2009
Government securities	13,790	15,270
Bonds and other fixed-income securities	53,419	51,557
– Listed	*52,953*	*51,116*
– Unlisted	*466*	*441*
Equities and other variable-income securities	6,267	5,961
– Listed	*6,094*	*5,692*
– Unlisted	*173*	*269*
Long-term investments	2,741	2,622
– Investments in non-consolidated companies	*1,648*	*1,455*
– Other long-term investment	*399*	*421*
– Investments in associates	*694*	*746*
Accrued interest	311	313
Total	**76,529**	**75,723**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 651*	*- 418*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*437*	*475*
Including impairment of bonds and other fixed-income securities	*- 91*	*- 92*
Including impairment of equities and other variable-income securities and long-term investments	*- 1,743*	*- 1,706*

◆ List of major investments in non-consolidated companies

		Percent interest	Equity	Total assets	NBI or revenue	Net income
Banca di Legnano [1]	Not quoted	< 10%	1,187	4,709	180	31
Crédit logement	Not quoted	< 5%	1,475	11,810	226	120
CRH (Caisse de Refinancement de l'Habitat)	Not quoted	< 20%	211	40,626	3	1
Foncière des Régions	Quoted	< 5%	4,807	13,953	991	- 464
Banco Popular	Quoted	< 5%	8,447	129,290	4,054	780
Veolia Environnement	Quoted	< 5%	10,131	49,817	34,551	842

(1) Banca di Legnano is 93.51% owned by BPM.

The figures above (excluding the percent of interest) relate to 2009.

Note 8 Loans and receivables due from customers

	December 31st, 2010	December 31st, 2009
Performing loans	**217,497**	**206,666**
Commercial loans	4,326	3,964
Other customer loans	212,242	201,838
– home loans	*115,258*	*107,040*
– other loans and receivables, including resale agreements	*96,984*	*94,797*
Accrued income	512	507
Securities not listed in an active market	417	358
Insurance and reinsurance receivables	**170**	**156**
Individually impaired receivables	**10,756**	**10,360**
Gross receivables	**228,423**	**217,183**
Individual impairment	**- 6,719**	**- 6,117**
Collective impairment	**- 408**	**- 398**
Sub-total I	**221,296**	**210,668**
Finance leases (net investment)	**8,138**	**7,458**
Furniture and movable equipment	5,263	4,897
Real estate	2,698	2,412
Individually impaired receivable	177	149
Individual impairment	**- 130**	**- 109**
Sub-total II	**8,008**	**7,349**
Total	**229,304**	**218,017**
including participatory loans	*28*	*8*
including subordinated notes	*12*	*171*

Finance leases with customers

	December 31st, 2009	Acquisition	Sale	Others	December 31st, 2010
Gross carrying amount	7,458	1,465	- 1,502	717	8,138
Impairment of irrecoverable rent	- 109	- 35	25	- 11	- 130
Net carrying amount	**7,349**	**1,430**	**- 1,477**	**706**	**8,008**

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	2,627	4,342	1,547	8,516
Present value of future minimum lease payments receivable	2,445	4,135	1,532	8,112
Unearned finance income	**182**	**207**	**15**	**404**

Note 8a Amounts due to customers

	December 31st, 2010	December 31st, 2009
Regulated savings accounts	59,412	57,369
– demand	*38,479*	*35,685*
– term	*20,933*	*21,684*
Accrued interest on savings accounts	25	32
Sub-total	**59,437**	**57,402**
Demand deposits	54,579	49,886
Term accounts and loans	47,839	39,744
Repurchase transactions	684	1,876
Accrued interest	872	785
Insurance and reinsurance interest	57	48
Sub-total	**104,030**	**92,339**
Total	**163,467**	**149,740**

Note 9 Held-to-maturity financial assets

	December 31st, 2010	December 31st, 2009
Securities	10,742	9,082
– Bonds and other fixed-income securities	10,742	9,082
Quoted	*10,713*	*9,066*
Non-quoted	*29*	*16*
Accrued income	2	20
Gross total	**10,745**	**9,102**
Including impaired assets	*25*	*1*
Provisions for impairment	- 12	- 1
Total net	**10,733**	**9,101**

Note 10 Movements in provisions for impairment

	December 31st, 2009	Additions	Reversals	Other	December 31st, 2010
Loans and receivables due from credit institutions	- 520	- 131	321	- 19	- 350
Loans and receivables due from customers	- 6,624	- 2,119	1,492	- 5	- 7,256
Available-for-sale securities	- 1,798	- 125	81	9	- 1,834
Held-to-maturity securities	- 1	- 12	0	1	- 12
Total	**- 8,942**	**- 2,387**	**1,894**	**- 15**	**- 9,451**

At December 31st, 2010 provisions for loans and receivables due from customers amounted to 7,256 million euros (compared to 6,624 euros in 2009), of which collective provisions totaled 407 million euros. Individual provisions essentially relate to current accounts in debit, for 915 million euros (compared to 971 million euros at the end of 2009) and to provisions for commercial and other loans (including home loans) for 5,804 million euros (compared to 5,146 million euros at the end of 2009).

Note 11 Reclassifications of financial instruments

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

	December 31st, 2010		December 31st, 2009	
	Carrying value	Fair value	Carrying value	Fair value
Loans and receivables portfolio	5,582	5,294	6,862	6,558
AFS portfolio	9,284	9,284	13,590	13,590

	December 31st, 2010	December 31st, 2009
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	140	1,468
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	- 139	- 811
Gains (losses) on reclassified assets, recognized in income (NBI and cost of risk)	20	- 410

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.

◆ Securitization

	December 31st, 2010		December 31st, 2009
	Carrying value	Acquisition price	Carrying value
RMBS	5,579	6,197	5,387
CMBS	458	480	198
CLO	1,887	1,896	1,806
Other ABS	849	853	1,532
CLO covered by CDS	833	972	925
Other ABS covered by CDS	49	56	28
Liquidity facilities	334		298
Total	**9,989**	**10,454**	**10,174**

RMBS exposure

	December 31st, 2010		December 31st, 2009
	Carrying value	Acquisition price	Carrying value
Trading	1,819	1,828	1,067
Available-for-sale	1,835	1,900	1,959
Loans	1,925	2,469	2,361
Total	**5,579**	**6,197**	**5,387**
France	14	16	18
Europe, excluding France	2,803	2,884	2,777
USA	2,366	2,892	2,082
Other	396	405	510
Total	**5,579**	**6,197**	**5,387**
Agencies	1,075	1,064	688
AAA	2,984	3,026	3,080
AA	322	340	263
A	69	91	85
BBB	71	108	27
BB	43	51	42
Below or equal to B	1,015	1,517	1,194
No quoted	0	0	8
Total	**5,579**	**6,197**	**5,387**

Exposure to RMBS issued in the USA

	December 31st, 2010		December 31st, 2009
	Carrying value	Acquisition price	Carrying value
Originated in 2005 and before	461	590	529
Originated in 2006	603	769	716
Originated in 2007	593	820	722
Originated since 2008	709	713	115
Total	**2,366**	**2,892**	**2,082**

Guarantees received from monoliner insurance companies on USA RMBS

	December 31st, 2010		December 31st, 2009
	Carrying value	Carrying value	Carrying value
Ambac	15	15	22
MBIA	4	4	4
FGIC	21	49	35
Total	**40**	**68**	**61**

◆ CMBS exposure *(Commercial Mortgage Backed Securities)*

	December 31st, 2010		December 31st, 2009
	Carrying value	Acquisition price	Carrying value
France	1	2	1
Europe, excluding France	84	96	79
USA	291	293	0
Other	82	89	118
Total	**458**	**480**	**198**
Trading	306	310	14
AFS	147	164	177
Loans	5	6	7
Total	**458**	**480**	**198**
AAA	346	351	82
AA	92	104	112
Other	20	25	4
Total	**458**	**480**	**198**

◆ ABS exposure

CLO / CDO exposure

CDO not hedged by CDS *(Credit Default Swaps)*

	December 31st, 2010		December 31st, 2009
	Carrying value	Acquisition price	Carrying value
Trading	23	22	
Available-for-sale	29	29	33
Loans	1,835	1,845	1,773
Total	**1,887**	**1,896**	**1,806**
France	0	0	
Europe, excluding France	889	892	801
USA	998	1,004	62
Other	0	0	943
Total	**1,887**	**1,896**	**1,806**
Agencies	0	0	0
AAA	1,070	1,076	1,434
AA	600	605	322
Other	217	216	50
Total	**1,887**	**1,897**	**1,806**

Exposure to other ABS

	December 31st, 2010		December 31st, 2009
	Carrying value	Acquisition price	Carrying value
Trading	343	342	689
Available-for-sale	287	290	528
Loans	219	221	315
Total	**849**	**853**	**1,532**
France	407	406	559
Europe, excluding France	398	403	903
USA	0	0	0
Autres	44	44	70
Total	**849**	**853**	**1,532**
AAA	601	598	1,180
AA	78	78	148
A	7	7	13
BBB	150	151	191
BB	13	19	0
Total	**849**	**853**	**1,532**

Exposures hedged by CDS

At December 31st, 2010 outstanding CLO hedged by CDS totaled 833 million euros, while other ABS hedged by CDS amounted to 49 million euros.

◆ Transactions with special purpose vehicles

At December 31st, 2010, liquidity facilities granted to 3 FCC represented 333 million euros.

◆ LBO exposure (*leverage buy-out*)

	December 31st, 2010	December 31st, 2009
	Carrying value	Carrying value
Dedicated funding structures by geographic region		
France	1,671	1,371
Europe, excluding France	408	494
USA	127	140
Other	70	50
Total	**2,276**	**2,055**

Dedicated funding structures by business sector (in %)

	December 31st, 2010	December 31st, 2009
	Carrying value	Carrying value
Industrial goods and services	16	22
Industrial transport	28	11
Healthcare	10	13
Travel and leisure	10	10
Construction	9	11
Telecommunications	6	6
Other < 5%	21	27
Total	**100**	**100**

Note 13 Current income tax

	December 31st, 2010	December 31st, 2009
Asset (by income)	1,122	1,078
Liability (by income)	527	395

Note 13a Deferred income tax

	December 31st, 2010	December 31st, 2009
Asset (by income)	926	960
Asset (by shareholders' equity)	436	372
Liability (by income)	714	939
Liability (by shareholders' equity)	225	187

◆ Breakdown of deferred income tax by major categories

	December 31st, 2010		December 31st, 2009	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
– Deferred gains (losses) on available-for-sale securities	*436*	*225*	*372*	*187*
– Impairment provisions	*544*		*344*	
– Unrealized finance lease reserve		*112*		*69*
– Earnings of fiscally transparent (pass-through) companies		*4*		*3*
– Remeasurement of financial instruments	*661*	*286*	*735*	*345*
– Accrued expenses and accrued income	*76*	*616*	*92*	*748*
– Tax losses [1 2]	*244*		*302*	
– Insurance activities	*39*	*232*	*112*	*371*
– Other timing differences	*10*	*112*	*100*	*129*
Netting	- 648	- 648	- 725	- 725
Total deferred tax assets and liabilities	**1,362**	**939**	**1,333**	**1,126**

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 34.43% (i.e. the standard tax rate).
1. Of which USA tax losses: 176 million euros in 2010 and 220 million euros in 2009.
2. Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

Note 14 Accruals, other assets and other liabilities

	December 31st, 2010	December 31st, 2009
Accruals assets		
Collection accounts	479	612
Currency adjustment accounts	13	413
Accrued income	458	422
Other accruals	2,331	2,365
Sub-total	**3,281**	**3,811**
Other assets		
Securities settlement accounts	93	163
Miscellaneous receivables	11,838	12,165
Inventories and equivalent	33	33
Other	22	- 10
Sub-total	**11,986**	**12,352**
Other insurance assets		
Other	343	331
Sub-total	**343**	**331**
Total	**15,610**	**16,495**

Note 14b Accruals and other liabilities

	December 31st, 2010	December 31st, 2009
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	464	698
Currency adjustment accounts	275	596
Accrued expenses	871	735
Other accruals	7,435	6,821
Sub-total	**9,043**	**8,849**
Other liabilities		
Securities settlement accounts	75	151
Outstanding amounts payable on securities	70	114
Miscellaneous payables	2,747	2,946
Sub-total	**2,892**	**3,211**
Other insurance liabilities		
Deposits and guarantees received	163	133
Other	0	0
Sub-total	**163**	**133**
Total	**12,098**	**12,193**

Note 15 Equity-accounted investments
Equity value and share of net income (loss)

	December 31st, 2010		December 31st, 2009	
	Equity method value	Share of net income (loss)	Equity method value	Share of net income (loss)
ACM Nord	17	1	17	3
ASTREE Assurance	21	3	16	2
Banca Popolare di Milano	174	1	131	9
Banque de Tunisie	49	7	46	8
Banque Marocaine du Commerce Extérieur	833	15		
CCCM	95	4	90	4
RMA Watanya	210	8	198	19
Royal Automobile Club de Catalogne	77	- 14	31	1
Other	4	1	- 13	- 16
Total	**1,481**	**26**	**517**	**31**

Note 16 Investment property

	December 31st, 2009	Additions	Disposals	Other movements	December 31st, 2010
Historical cost	1,264	126	- 1	- 370	1,019
Accumulated depreciation and impairment losses	- 141	- 16	1	- 30	- 187
Net amount	**1,123**	**110**	**0**	**- 400**	**832**

The fair value of investment property carried at amortized cost was 1,162 million euros at December 31st, 2010.

Note 17 Property and equipment

	December 31st, 2009	Additions	Disposals	Other movements	December 31st, 2010
Historical cost					
Land used in operations	438	5	- 6	- 8	429
Buildings used in operations	3,450	195	- 72	46	3,620
Other	2,025	226	- 189	113	2,174
Total	**5,914**	**425**	**- 268**	**151**	**6,223**
Accumulated depreciation and impairment losses					
Land used in operations	- 1	0	0	0	- 1
Buildings used in operations	- 1,696	- 176	42	- 13	- 1,844
Other property and equipment	- 1,436	- 202	131	- 68	- 1,575
Total	**- 3,133**	**- 378**	**173**	**- 81**	**- 3,419**
Net	**2,781**	**48**	**- 95**	**70**	**2,803**
Of which leased under finance leases					
Land used in operations	51	0	- 45	0	6
Buildings used in operations	109	9	- 36	- 1	81
Total	**160**	**9**	**- 81**	**- 1**	**87**

Note 17a Intangible assets

	December 31st, 2009	Additions	Disposals	Other movements	December 31st, 2010
Historical cost					
Internally developed intangible assets	12	2	0	0	14
Purchased intangible assets	1,363	111	- 55	110	1,529
– Software	*420*	*46*	*- 13*	*10*	*463*
– Other	*943*	*65*	*- 42*	*101*	*1,066*
Total	**1,375**	**113**	**- 55**	**110**	**1,544**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 405	- 131	24	- 24	- 537
– Software	*- 140*	*- 63*	*12*	*- 1*	*- 192*
– Other	*- 266*	*- 68*	*12*	*- 24*	*- 345*
Total	**- 405**	**- 131**	**24**	**- 24**	**- 537**
Net	**969**	**- 18**	**- 31**	**86**	**1,006**

Note 18 Goodwill

	December 31st, 2009	Additions	Disposals	Other movements	December 31st, 2010
Goodwill gross	4,209	268	- 116		4,360
Accumulated impairment losses	- 124			- 45	- 169
Goodwill net	**4,085**	**268**	**- 116**	**- 45**	**4,192**

Subsidiaries	Goodwill at December 31st, 2009	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31st, 2010
Banca Popolare di Milano [1]	41		- 41		0
Banco Popular Hipotecario		183			183
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
CIC Iberbanco	15				15
CIC Private Banking – Banque Pasche	43	9			52
Cofidis Participation [2]	389		- 11		378
Crédit Industriel et Commercial (CIC)	497				497
GPK Finance	5				5
IPO	21				21
Monabanq	17				17
NRJ Mobile	78				78
Targobank	2,760		- 3		2,757
Other [3]	198	77	- 61	- 45	169
Total	**4,085**	**268**	**- 116**	**- 45**	**4,192**

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:

– verifying that the price used for the most recent transaction is above the carrying amount, or

– verifying that the valuation assumptions at the acquisition date are still valid.

1. Reclassification of Banca Popolare di Milano's goodwill to "investments in associates".
2. Adjustment of goodwill relating to Cofidis due to a change in value.
3. Reclassification from investments in associates – insurance companies to investments in non-consolidated companies.

Note 19 Debt securities

	December 31st, 2010	December 31st, 2009
Retail certificates of deposit	574	406
Interbank instruments and money market securities	63,220	56,475
Bonds	30,567	29,898
Accrued interest	673	562
Total	**95,035**	**87,341**

Note 20 Insurance companies' technical reserves

	December 31st, 2010	December 31st, 2009
Life	56,983	53,215
Non-life	2,015	1,945
Unit of account	6,827	6,090
Other	193	196
Total	**66,018**	**61,445**

Note 21 Provisions

	December 31st, 2009	Additions	Reversals (provision used)	Reversals (provision non used)	Other movements	December 31st, 2010
Provisions for risks	**411**	**160**	**- 49**	**- 79**	**10**	**453**
Signature commitments	145	66	- 16	- 47	- 4	144
Financing and guarantee commitments	1				0	1
On country risks	2	18			0	20
Provisions for taxes	137	7	- 17	- 7	- 1	119
Provisions for claims and litigation [5]	76	61	- 7	- 8	15	137
Provisions for risks on miscellaneous receivables	49	9	- 9	- 17	- 1	31
Other provisions for counterparty risks	1		- 1		1	1
Other provisions	**600**	**360**	**- 61**	**- 55**	**19**	**863**
Provisions for home savings accounts and plans	149	2	- 4	- 23	0	124
Provisions for miscellaneous contingencies	254	251	- 30	- 21	7	461
Other provisions	197	108	- 26	- 11	11	279
Provisions for retirement benefits	**176**	**82**	**- 17**	**- 16**	**- 12**	**212**
Retirement benefits, defined benefit and equivalent, excluding pension funds						
Retirement bonuses [1]	63	64	- 10	- 7	- 9	101
Supplementary retirement benefits	66	11	- 7	- 1	- 4	66
Long service awards (other long-term benefits)	37	4	0	- 8	0	33
Sub-total to statement of financial position	**166**	**79**	**- 17**	**- 16**	**- 13**	**199**
Supplementary retirement benefits, defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls [2] *Fair value of assets*	10	2	0	0	1	13
Sub-total to statement of financial position	**10**	**2**	**0**	**0**	**1**	**13**
Total	**1,187**	**602**	**- 127**	**- 150**	**17**	**1,529**

Assumptions

	December 31st, 2010	December 31st, 2009
Discount rate [3]	4.0%	5.0%
Annual increase in salaries [4]	Minimum 1.5%	3.0%

1. For the French banks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CM5-CIC Group).
2. The provision for pension fund shortfalls only covers foreign entities.
3. The discount rate used is the return on long-term bonds issued by first-rate companies, estimated on the basis of the IBOXX index.
4. The annual increase in salaries includes the estimated effect of inflation. As from this financial period, it also takes into account employee seniority.
5. The Lehman Brothers receivables sold in the first half of 2010 were provisioned due to uncertainty as to their valuation. This was the main addition during the year.

Movements in provisions for retirement bonuses

	December 31st, 2009	Discounted amount	Financial income	Cost of services performed
Commitments	240	10		23
Assurance contract	176		8	
Provisions	63	10	- 8	23

Provisions for home savings accounts and plans signature risk

	December 31st, 2010	December 31st, 2009
Home savings plan outstandings		
Seniority between 0-4 years	5,477	4,025
Seniority between 4-10 years	4,426	4,588
Seniority over 10 years	4,231	4,394
Total	**14,134**	**13,007**
Savings account outstandings	2,424	2,358
Total home savings accounts and plans	**16,557**	**15,365**

Home savings loans

	December 31st, 2010	December 31st, 2009
Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	726	829

Provisions for home savings accounts and plans opening balance

	Opening balance	Net additions reversals	Other movements	Closing balance
On home savings accounts	48	(12)		36
On home savings plans	74	(8)		66
On home savings loans	26	(4)		22
Total	**148**			**69**

Analysis of provisions on housing savings plans by seniority

	Opening balance	Net additions reversals	Other movements	Closing balance
Seniority between 0-4 years	44			25
Seniority between 4-10 years	0			18
Seniority over 10 years	30			23
Total	**74**			**66**

Other costs, incl. past service	Actuarial gains (losses)	Payments to beneficiaries	Insurance premiums	Other	December 31st, 2010
9	71	- 28		7	331
		- 14	60		229
9	71	- 14	- 60	7	101

The CEL (home ownership savings accounts) and the PEL (home ownership savings plans) are French regulated products available to the clientele (physical persons). These products feature a remunerated savings phase that entitles the saver to a home loan in a second phase. They generate two types of commitments for the distributing establishment:
– a commitment to the future remuneration of the savings at a fixed rate (on the PEL only, as the rate of remuneration of CELs can be counted as variable rate, being periodically revised according to an indexation formula);
– a commitment to grant a loan to the customers who ask for one, at predetermined conditions (PEL and CEL).

These commitments have been estimated on the basis of behavioural statistics concerning the customers and market data.

A provision is constituted in the balance sheet liabilities in order to cover the future charges relating to the potentially unfavourable conditions of these products, compared to the interest rates offered to the clientele of private individuals for products that are similar, but not regulated in terms of remuneration. This approach is conducted by homogeneous generation in terms of regulated PEL and CEL conditions. The impacts on the results are entered among the interest paid to the clientele.

The decline of contingency reserves observed for this exercise is mainly due to the decrease of the scenarios of early future rates (determined by a model of rate Cox-Ingersoll-Ross).

Note 22 Subordinated debt

	December 31st, 2010	December 31st, 2009
Subordinated notes	5,182	4,284
Non-voting loan stock	54	156
Perpetual subordinated notes	1,695	1,695
Other debts	130	127
Accrued interests	94	94
Total	**7,155**	**6,357**

◆ Main subordinated debts issues

	Type
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
CIC	Equity
Banque Fédérative du Crédit Mutuel	TSS
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSR
Banque Fédérative du Crédit Mutuel	TSS
Banque Fédérative du Crédit Mutuel	TSR

1. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
2. Non-amortizable, but reimbursable as the borrower wishes as from May 28th, 1997 at 130% of the nominal amount revalued by 1.5% per year for future years.
3. Rate 3-months Euribor rate + 25 base points.

Issue date	Amount issued	Amount at December 31st, 2010	Rate	Maturity
June 29th, 2001	50 million euros	50 million euros	5.40	June 29th, 2011
July 19th, 2001	700 million euros	700 million euros	6.50	July 19th, 2013
September 30th, 2003	800 million euros	800 million euros	5.00	September 30th, 2015
May 28th, 1985	137 million euros	137 million euros	[1]	[2]
	1,600 million euros	1,600 million euros		not fixed
December 19th, 2006	1,000 million euros	1,000 million euros	[3]	December 19th, 2016
December 18th, 2007	300 million euros	300 million euros	5.10	December 18th, 2015
June 16th, 2008	300 million euros	300 million euros	5.50	June 16th, 2016
December 16th, 2008	500 million euros	500 million euros	6.10	December 16th, 2016
October 22th, 2010	1,000 million euros	1,000 million euros	4.00	October 22th 2020

Note 23 Shareholders' equity (excluding unrealized or deferred gains or losses)

	December 31st, 2010	December 31st, 2009
Capital stock, additional paid-in capital and reserves	5,139	4,918
– Capital	*5,139*	*4,918*
Consolidated reserves	13,698	12,626
– Regulated reserves	*6*	*6*
– Translation reserve	*5*	*- 36*
– Other reserves (including effects related to first application of standards)	*13,616*	*12,595*
– Retained earnings	*70*	*59*
Net income	1,961	1,194
Total	**20,799**	**18,738**

◆ Share capital of the Caisses de Crédit Mutuel

The Caisses de Crédit Mutuel have a share capital consisting of:
– unassignable "Parts A" type shares,
– marketable "Parts B" type shares,
– "Parts P" type priority interest-bearing shares.

"Parts B" may only be subscribed by members holding at least one "Part A". The articles of association of the local Caisses limit the subcription of "Parts B" per member to 35,000 euros (with the exception of the reinvestment of dividends paid in "Parts B"). The capital may not be less, following the withdrawal of contributions, than one quarter of the highest amount reached by the capital in the past. If this limit were to be reached, the reimbursement of the shares would be suspended.

The "Parts B" repurchase system differs according to whether they were subscribed before or after December 31st, 1988:
– shares subscribed before December 31st, 1988 may be reimbursed at the member's request for the January 1st, of each year. This reimbursement, which takes place subject to compliance with the regulations concerning the reduction of the capital, is subject to at least 3 months' notice;
– shares subscribed after January 1st, 1989 may be reimbursed at the member's request with 5 years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the regulations concerning the reduction of the capital.

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

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

At December 31st, 2010, the capital of the Caisses de Crédit Mutuel broke down as follows:
– 133.2 million euros of "Parts A" type shares, as against 130.1 million euros on December 31st, 2009,
– 4,915.5 million euros of "Parts B" type shares, as against 4,708.6 million euros on December 31st, 2009,
– 90,7 million euros of "Parts P" type shares, as against 79.2 million euros on December 31st, 2009.

Note 23a Unrealized or deferred gains and losses

	December 31st, 2010	December 31st, 2009
Unrealized or deferred gains and losses [1] relating to:		
Available-for-sale assets		
– equities	*437*	*475*
– bonds	*- 651*	*- 418*
Cash flow hedging derivatives	- 89	- 43
Share of unrealized or deferred gains and losses of affiliates	4	- 1
Total	**- 298**	**13**
Attributable to equity holders of the parent company	*- 291*	*- 4*
Non-controlling interests	*- 7*	*17*

1. Net of tax.

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

	December 31st, 2010	December 31st, 2009
	Movements	Movements
Translation adjustments		
Reclassification in income	0	0
Other movements	0	- 23
Sub-total	**0**	**- 23**
Remeasurement of available-for-sale financial assets		
Reclassification in income	- 131	632
Other movements	- 139	673
Sub-total	**- 270**	**1,304**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movements	- 45	- 31
Sub-total	**- 45**	**- 31**
Share of unrealized or deferred gains and losses of affiliates	4	0
Total	**- 311**	**1,251**

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

	Movements 2010			Movements 2009		
	Gross amount	Tax Net	Net amount	Gross amount	Tax Net	Net amount
Translation adjustments	0	0	0	- 23	0	- 23
Remeasurement of available-for-sale financial assets	- 316	47	- 270	1,750	- 446	1,304
Remeasurement of hedging derivatives	- 46	0	- 45	- 30	- 1	- 31
Share of unrealized or deferred gains and losses of affiliates	4	0	4	9	- 8	0
Share of unrealized or deferred gains and losses of affiliates	**- 358**	**47**	**- 311**	**1 706**	**- 455**	**1,251**

Note 24 Commitments given and received

Commitments given

	December 31st, 2010	December 31st, 2009
Financing commitments		
To credit institutions	1,721	1,473
To customers	49,014	43,860
Guarantee commitments		
To credit institutions	6,217	4,200
To customers	10,765	13,917
Commitments on securities		
Other commitments given	892	1,170
Commitments given by insurance business line	**324**	**337**

Commitments received

	December 31st, 2010	December 31st, 2009
Financing commitments		
From credit institutions	22,810	14,754
Guarantee commitments		
From credit institutions	27,890	19,931
From customers	5,446	6,275
Commitments received on securities		
Other commitments received	601	547
Commitments received by insurance business line	**7,766**	**7,513**

Note 25 Interest income, interest expense and equivalent

	December 31st, 2010		December 31st, 2009	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,232	- 1,149	1,722	- 1,790
Customers	12,300	- 4,700	12,162	- 4,666
– including finance leases and operating leases	*2,602*	*- 2,284*	*2,295*	*- 1,972*
Hedging derivatives	2,430	- 3,080	1,847	- 2,328
Available-for-sale financial assets	644		732	
Held-to-maturity financial assets	170		252	
Debt securities		- 1,592		- 2,032
Subordinated debts		- 65		- 211
Total	**16,776**	**- 10,586**	**16,714**	**- 11,027**

Note 26 Fees and commissions

	December 31st, 2010		December 31st, 2009	
	Income	Expense	Income	Expense
Credit institutions	22	- 6	11	- 6
Customers	1,055	- 13	983	- 19
Securities	771	- 60	738	- 85
– of which funds managed for third parties	*519*		*499*	
Derivatives	5	- 20	6	- 9
Foreign exchange	21	- 4	17	- 4
Financing and guarantee commitments	51	- 9	45	- 8
Services provided	1,737	- 791	1,653	- 757
Total	**3,662**	**- 903**	**3,453**	**- 890**

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

	December 31st, 2010	December 31st, 2009
Trading derivatives	- 159	569
Instruments accounted for under the fair value option	115	- 140
Ineffective portion of hedging instruments	55	- 54
– Cash flow hedges	*2*	*- 1*
– Fair value hedges	*53*	*- 54*
Change in fair value of hedged items	*30*	*608*
Change in fair value of hedging items	*23*	*- 661*
Foreign exchange gains (losses)	64	70
Total movements in fair value	**75**	**444**

Note 28 Net gains on available-for-sale financial assets

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

	December 31st, 2009			
	Dividends	Realized gains (losses)	Impairment	Total
Government securities, bonds and other fixed-income securities		- 72	0	- 72
Equities and other variable-income securities	11	13	- 5	19
Long-term investments	73	0	- 39	34
Other	0	5	0	5
Total	**85**	**- 54**	**- 44**	**- 14**

Note 29 Income and expense from other activities

	December 31st, 2010	December 31st, 2009
Other income		
Insurance contracts	11,355	10,501
– *earned premiums*	*8,916*	*7,884*
– *net investment income*	*2,386*	*2,578*
– *technical and non-technical income*	*53*	*40*
Investment property	1	1
– *gains on disposal*	*1*	*1*
Expenses rebilled	6	6
Other income	1,287	582
Sub-total	**12,648**	**11,091**
Other expense		
Insurance contracts	- 9,913	- 9,310
– *paid benefits and claims*	*- 5,256*	*- 5,012*
– *movements in provisions*	*- 4,680*	*- 4,292*
– *technical and non-technical* expense	*22*	*- 6*
Investment property	- 21	- 19
– *net movements in depreciation and provisions (based on the accounting method selected)*	*- 20*	*- 19*
– *losses on disposal*	*- 1*	*0*
Other expenses	- 976	- 320,13
Sub-total	**- 10,910**	**- 9,649**
Other income and expense net	**1,738**	**1,441**

Note 30 Operating expenses

	December 31st, 2010	December 31st, 2009
Payroll costs	- 3,606	- 3,278
Other expenses	- 2,750	- 2,670
Total	**- 6,356**	**- 5,949**

Note 30a Payroll costs

	December 31st, 2010	December 31st, 2009
Salaries and wages	- 2,263	- 2,093
Social security charges	- 893	- 756
Employee benefits	- 8	- 10
Incentive bonuses and profit-sharing	- 221	- 223
Payroll-related taxes	- 217	- 193
Other expenses	- 5	- 3
Total	**- 3,606**	**- 3,278**

◆ Average number of employees

	December 31st, 2010	December 31st, 2009
Banking staff	34,579	32,709
Management	18,601	17,885
Total	**53,180**	**50,594**
Analysis by country		
France	43,206	41,431
Rest of the world	9,974	9,163
Total	**53,180**	**50,594**

Includes 252 employees of Banco Popular Hipotecario, consolidated using the proportional method.

	December 31st, 2010	December 31st, 2009
Consolidated average number of employees (FTE)	53,180	50,594
Number of employees at end of period [1]	57,991	55,908

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

Note 30b Other operating expenses

	December 31st, 2010	December 31st, 2009
Taxes and duties	- 228	- 283
External services	- 1,940	- 1,832
Other miscellaneous expenses (transportation, travel, etc.)	- 71	- 112
Total	**- 2,239**	**- 2,227**

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

	December 31st, 2010	December 31st, 2009
Depreciation and amortization	- 509	- 443
– property and equipment	*- 380*	*- 355*
– intangible assets	*- 129*	*- 88*
Impairment provisions	- 1	0
– property and equipment	*- 1*	*0*
– intangible assets	*- 1*	*0*
Total	**- 510**	**- 443**

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

◆ December 31st, 2010

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 131	321	- 116	- 1	0	73
Customers	- 1,704	1,451	- 554	- 540	65	- 1,282
– Finance leases	- 3	2	- 2	- 5	1	- 6
– Other	- 1,701	1,449	- 552	- 535	64	- 1,276
Sub-total	**- 1,835**	**1,772**	**- 670**	**- 541**	**65**	**- 1,209**
Held-to-maturity investments	- 12	0	0	0	0	- 12
Available-for-sale investments	0	1	- 83	- 38	0	- 120
Other	- 75	146	- 37	0	1	35
Total	**- 1,921**	**1,919**	**- 790**	**- 579**	**66**	**- 1,305**

December 31st, 2009

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 220	8	0	- 1	0	- 213
Customers	- 1,997	960	- 450	- 365	109	- 1,744
– Finance leases	- 1	4	- 1	- 4	0	- 3
– Other customer items	- 1,996	956	- 449	- 362	109	- 1,741
Sub-total	**- 2,217**	**968**	**- 450**	**- 366**	**109**	**- 1,957**
Held-to-maturity financial assets	0	102	- 105	0	0	- 4
Available-for-sale financial assets	0	105	- 95	- 14	0	- 4
Other	- 92	67	0	0	2	- 22
Total	**- 2,309**	**1,242**	**- 650**	**- 380**	**111**	**- 1,987**

Note 32 Net gain on disposals of other assets

	December 31st, 2010	December 31st, 2009
Property, equipment and intangible assets	16	9
– *Losses on disposals*	- 23	- 25
– *Gains on disposals*	39	35
Gain on consolidated securities sold	0	0
Total	**16**	**9**

Note 33 Change in value of goodwill

	December 31st, 2010	December 31st, 2009
Impairment of goodwill	- 45	- 124
Negative goodwill recognized in income	0	0
Total	**- 45**	**- 124**

Note 34 Income tax

Breakdown of income tax expense

	December 31st, 2010	December 31st, 2009
Current taxes	- 1,055	- 728
Deferred taxes	151	50
Adjustments in respect of prior years	20	10
Total	**- 884**	**- 668**

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

	December 31st, 2010	December 31st, 2009
Taxable income	3,199	2,072
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	**- 1,101**	**- 713**
Impact of specific SCR and SICOMI tax regime	55	5
Impact of the reduced rate on long-term capital gains	34	16
Impact of specific tax rate of foreign entities	- 4	3
Permanent differences		
Other [1]	133	21
Income tax	**- 884**	**- 668**
Effective tax rate	**27.63%**	**32.25%**

1. Of which 121 million euros relating to the new tax rate applicable to the capitalization reserve introduced by the French State Budget for 2011.

Note 35 Fair value of financial instruments entered into the accounts at the depreciated cost

The fair values presented are an estimation based on the observable parameters at December 31st, 2010. They are calculated by discounting future flows estimated on the basis of a risk-free rate curve to which is added for the calculation of the assets a credit spread calculated for the whole of the CM5-CIC Group and reviewed each year.

The financial instruments presented in this information are the lending and borrowing. They do not include non-monetary items (shares), supplier accounts and the accounts of other assets, other liabilities and the elimination accounts. Non-financial instruments are not concerned by this information.

The fair value of the financial instruments payable on sight and regulated savings contracts of the clientele is the value payable to the client, that is to say its book value.

Some entities in the Group may also apply hypotheses: the market value is the book value for contracts whose conditions refer to a variable rate or whose residual duration is one year or less.

We draw your attention to the fact that, apart from the financial assets held to maturity, the financial instruments entered into the accounts at the depreciated cost are not transferable or in practice are not sold before their maturity. As a result, the capital gains or losses are not recognised.

If, however, the financial instruments entered into the accounts at the depreciated cost were to be sold, the price of that sale might differ significantly from the fair value calculated at December 31st, 2010.

	December 31st, 2010		December 31st, 2009	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	40,113	38,103	38,668	36,156
Loans and receivables due from customers	229,304	230,419	218,017	215,249
Held-to-maturity financial assets	10,733	11,076	9,101	9,247
Liabilities				
Amounts due to credit institutions	27,850	27,792	40,542	40,304
Amounts due to customers	163,467	160,013	149,740	144,065
Debt securities	95,035	94,713	87,341	86,467
Subordinated debt	7,155	7,747	6,357	6,534

Note 36 Related party transactions

Statement of financial position items relating to related party transactions

	December 31st, 2010			December 31st, 2009	
	Companies consolidated by equity accounting	Companies consolidated using the equity method	Confédération nationale	Companies consolidated by equity accounting	Confédération nationale
Assets					
Loans, advances and securities					
– *Loans and receivables due from credit institutions*	*3,140*	*0*	*6,858*	*4,708*	*7,293*
– *Loans and receivables due from customers*	*0*	*0*	*63*	*0*	*36*
– *Securities*	*24*	*0*	*182*	*107*	*325*
Other assets	0	0	0	0	0
Total	**3,164**	**0**	**7,104**	**4,815**	**7,654**
Liabilities					
Deposits					
– *Due to credit institutions*	*2,888*	*15*	*2,404*	*5,444*	*2,011*
– *Due to customers*	*0*	*0*	*58*	*0*	*37*
– *Debt securities*	*5*	*0*	*692*	*5*	*826*
Other liabilities	0	0	304	0	266
Total	**2,893**	**15**	**3,458**	**5,449**	**3,139**
Financing and guarantee commitments					
Financing commitments given	0	0	0	0	0
Guarantee commitments given	0	0	1,486	0	1,290
Financing commitments received	0	0	25	0	0
Guarantee commitments received	0	0	333	0	54

◆ Eléments de résultat relatifs aux opérations réalisées avec les parties liées

	December 31st, 2010			December 31st, 2009	
	Companies consolidated by equity accounting	Companies consolidated using the equity method	Confédération nationale	Companies consolidated by equity accounting	Confédération nationale
Interest received	82	0	199	165	232
Interest paid	- 37	0	- 35	- 94	- 30
Fee and commissions received	0	0	21	0	7
Fee and commissions paid	0	0	- 21	0	- 20
Other income (expenses)	14	0	- 243	- 48	- 26
General and administrative expenses	0	0	- 17	0	- 17
Total	**59**	**0**	**- 97**	**23**	**146**

The Confédération Nationale included Crédit Mutuel's regional federations not associated with the CMCEE Group. The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.
In the case of companies consolidated using the proportional method, the amounts include the proportion of intercompany transactions not eliminated on consolidation.

Note 36 Relations with the Group's main directors

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

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

As part of that, the overall amount of the remuneration and pay of all natures collected by the seven senior Group managers was 5,736,000 euros in 2010.

Note 37 Events after the closure of the accounts and other information

The consolidated financial statements of CM5-CIC Group for the year ending December 31st, 2010 were closed by the Board of Directors on February 25th, 2011.

Note 38 Exposure to risks

The information relating to the exposure to risks required by IFRS 7 is presented in chapter 4 on risks in the management report.

Note 40 Statutory auditors' fees

In thousands of euros	Ernst & Young			
	Amount 2010	Amount 2009	Percentage 2010	Percentage 2009
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*141*	*73*	*4%*	*2%*
– Fully consolidated subsidiaries	*2,810*	*3,018*	*88%*	*94%*
Other assignments and services directly related to the statutory audit				
– BFCM		*2*	*0%*	*0%*
– Fully consolidated subsidiaries	*157*	*53*	*5%*	*2%*
Sub-total	**3,108**	**3,146**	**97%**	**98%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related			*0%*	*0%*
– Other	*99*	*64*	*3%*	*2%*
Sub-total	**99**	**64**	**3%**	**2%**
Total	**3,207**	**3,210**	**100%**	**100%**

In thousands of euros	KPMG AUDIT			
	Amount 2010	Amount 2009	Percentage 2010	Percentage 2009
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*100*	*98*	*2%*	*2%*
– Fully consolidated subsidiaries	*3 601*	*3,214*	*61%*	*72%*
Other assignments and services directly related to the statutory audit				
– BFCM		*6*	*0%*	*0%*
– Fully consolidated subsidiaries	*260*	*57*	*4%*	*1%*
Sous-total	**3,961**	**3,375**	**67%**	**76%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*315*	*7*	*5%*	*0%*
– Other	*1,644*	*1,066*	*28%*	*24%*
Sous-total	**1,959**	**1,073**	**33%**	**24%**
Total	**5,920**	**4,448**	**100%**	**100%**

The total amount of the auditing fees paid to the statutory auditors not belonging to the network of one of those certifying the consolidated and individual financial statements of the CM5-CIC Group mentioned in the table above, amounts to 7,458 thousand euros for the 2010 financial year.

Report of the statutory auditors on the consolidated financial statements

KPMG Audit
Département de KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex

Statutory Auditor
Member of the Regional Company of Versailles

Ernst & Young & Autres
41, rue Ybry
92576 Neuilly-sur-Seine Cedex
S.A.S. à capital variable

Statutory Auditors
Member of the Regional Company of Versailles

CM5-CIC Group
Year ended December 31st, 2010

Statutory auditors' report on the consolited accounts

The Shareholders, Dear Sirs,

In compliance with the assignment entrusted to us by your General Meeting, we hereby present our report relating to the financial year ending December 31st, 2010 on:

- the examination of the consolidated financial statements of the CM5-CIC Group, as they are enclosed with this report;
- the justification of our appreciations;
- the specific checks required by law.

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

Opinion on the consolidated financial statements

We have conducted our audit in accordance with the professional standards applied in France. Those standards requires that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion. We certify that in our opinion, the financial statements give, in accordance with the IFRS standards as adopted in the European Union, a true and fair view of the results of the operations of the past financial year as well as of the financial position and assets and liabilities of the persons and entities making up the Group at the end of this financial year.

Justification of assessments

It is in this context that in application of the provisions of Article L. 823-9 of the Commercial Code relating to the justification of our comments, we hereby inform you of the following facts:

Against the background of financial markets that continue to be highly volatile and an environment that is still uncertain, your Group uses internal models and methodologies for valuing financial instruments that are not handled in active markets, and for constituting provisions, as described in notes 1 and 12 of the appendix. We have examined the control system applicable to these models and methodologies, the parameters used and the list of financial instruments to which they apply.

- Your Group uses internal models and methodologies for the valuation of the financial instruments which are not treated on active markets, as well as for the constitution of certain reserves, such as described in notes 1 and 12 the notes. We have examined the system of control relating to the determination of the inactive nature of the market, the checking of the models and the determination of the parameters used.

• Your Group has tested the diminution in value of goodwill, which has led, where applicable, to the entering of diminutions in value in this fiscal year (notes 1 and 18 of the appendix). We have examined the modalities of implementation of the tests, the main hypotheses and parameters used, and the estimations that have led, where applicable, to the hedging of the loss of value through diminutions.

• Your Group records depreciation on assets available for sale when there is an objective indication of a prolonged or significant fall in the value of these assets (notes 1 and 7 in the notes). We have examined the system of control relating to the identification of value loss indices, the valuation of the most significant lines, as well as the estimations that led, where applicable, to the coverage of the value losses by depreciation.

• Your Group constitutes depreciation and provisions to cover the credit risks inherent in its business (notes 1, 8, 21 and 31 in the notes). We have examined the system the follow-up to the tracking of credit risks, the appreciation of non-collection risks and the hedging of the same by diminution in value and individual and collective provisions.

• Your company has entered deferred tax assets into its accounts, particularly in respect of tax deficits that may be carried forward (notes 1 and 13 of the appendix). We have examined the main estimations and hypotheses that have led to the recognition of these deferred taxes.

The comments thus made fall within the framework of our audit of the consolidated financial statements, taken as a whole, and have therefore contributed to the forming of our opinion expressed in the first part of this report.

Specific verification

We also proceeded, in accordance with the standards of professional practice applicable in France, the specific verification required by the law on the information contained in the Group's management report.

We have no comment as to its fair presentation and its conformity with the consolidated financial statements.

Paris-La Défense and Neuilly-sur-Seine, April 26th, 2011
The Statutory Auditors

KPMG Audit
Département de KPMG S.A.

Arnaud Bourdeille

Ernst & Young & Autres

Isabelle Santenac

Audited Consolidated Financial Statements of the CM10-CIC Group as of and for the Year Ended December 31, 2011

Consolidated balance sheet

(in millions of euros)

◆ Assets

	Notes	December 31st, 2011	December 31st, 2010
Cash and amounts due from central banks	4a	6,307	7,217
Financial assets at fair value through profit or loss	5a, 5c	38,063	41,229
Hedging derivative instruments	6a, 5c, 6c	935	135
Available-for-sale financial assets	7, 5c	72,204	76,529
Loans and receivables due from credit institutions	4a	38,603	40,113
Loans and receivables due from customers	8a	263,906	229,304
Remeasurement adjustment on interest-risk hedged investments	6b	738	594
Held-to-maturity financial assets	9	16,121	10,733
Current tax assets	13a	1,607	1,122
Deferred tax assets	13b	1,755	1,362
Accruals and other assets	14a	17,272	15,610
Investments in associates	15	1,671	1,481
Investment property	16	909	832
Property and equipment	17a	2,940	2,803
Intangible assets	17b	1,004	1,006
Goodwill	18	4,298	4,192
Total assets		**468,333**	**434,262**

Liabilities

	Notes	December 31st, 2011	December 31st, 2010
Due to central banks	4b	282	44
Financial liabilities at fair value through profit or loss	5b, 5c	31,009	34,551
Hedging derivative instruments	6a, 5c, 6c	3,923	3,073
Due to credit institutions	4b	36,422	27,850
Due to customers	8b	200,086	163,467
Debt securities	19	87,227	95,035
Remeasurement adjustment on interest-risk hedged investments	6b	- 2,813	- 1,963
Current tax liabilities	13a	561	527
Deferred tax liabilities	13b	842	939
Accruals and other liabilities	14b	10,030	12,098
Technical reserves of insurance companies	20	65,960	66,018
Provisions	21	1,747	1,529
Subordinated debt	22	6,563	7,155
Shareholders' equity		26,494	23,939
Shareholders' equity attributable to the Group		24,109	20,508
– Subscribed capital and issue premiums	*23a*	*5,596*	*5,139*
– Consolidated reserves	*23a*	*17,878*	*13,698*
– Unrealised or deferred gains and losses	*23c, 23d*	*- 988*	*- 291*
– Net income for the year		*1,623*	*1,961*
Non-controlling interests		2,385	3,431
Total liabilities and shareholders' equity		**468,333**	**434,262**

Consolidated income statement

(in millions of euros)

	Notes	December 31st, 2011	December 31st, 2010
Interest income	25	17,960	16,776
Interest expenses	25	- 11,660	- 10,586
Fee and commission income	26	3,653	3,662
Fee and commission expenses	26	- 951	- 903
Net gains (losses) on financial instruments at fair value through profit or loss	27	- 70	75
Net gains (losses) on available-for-sale financial assets	28	11	125
Income from other activities	29	10,994	12,648
Expenses on other activities	29	- 8,885	- 10,909
Net banking income		**11,053**	**10,889**
Operating expenses	30a, 30b	- 6,437	- 5,846
Depreciation, amortization and impairment for non-current assets	30c	- 505	- 510
Gross operating income		**4,111**	**4,533**
Net additions to/reversals from provisions for loan losses	31	- 1,456	- 1,305
Operating income		**2,656**	**3,228**
Share of net income (loss) of associates	15	6	26
Gains (losses) on other assets	32	66	16
Change in value of goodwill	33	- 9	- 45
Net income before tax		**2,718**	**3,225**
Corporate income tax	34	- 913	- 884
Net income		**1,805**	**2,341**
Non-controlling interests		182	380
Net income attributable to the Group		**1,623**	**1,961**

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

	Notes	December 31st, 2011	December 31st, 2010
Net income		**1,805**	**2,341**
Translation adjustments		- 5	0
Remeasurement of available-for-sale financial assets		- 766	- 270
Remeasurement of hedging derivative instruments		- 16	- 45
Remeasurement of non-current assets		0	0
Share of unrealized or deferred gains and losses of associates		- 18	4
Total gains and losses recognized directly in shareholders' equity	**23c, 23d**	**- 805**	**- 311**
Net income and gains and losses recognized directly in shareholders' equity		**1,000**	**2,030**
– attributable to the Group		*871*	*1,675*
– Non-controlling interests		*130*	*355*

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

Consolidated statement of net cash flows

(in millions of euros)

	2011	2010
Net income	1,805	2,341
Corporate income tax	913	884
Income before tax	**2,718**	**3,225**
Net depreciation/amortization expense on property and equipment and intangible assets	494	507
Impairment of goodwill and other non-current assets	34	2
Net additions to/reversals from provisions and impairment losses	608	179
Share of net income/loss of associates	- 34	- 27
Net loss/gain from investing activities	- 181	- 24
Income/expense from financing activities	0	0
Other movements	3,394	- 3,094
Total non-monetary items included in income before tax and other adjustments	**4,316**	**- 2,458**
Cash flows relating to interbank transactions	8,759	- 10,580
Cash flows relating to customer transactions	6,101	679
Cash flows relating to other transactions affecting financial assets and liabilities	- 21,264	8,577
Cash flows relating to other transactions affecting non-financial assets and liabilities	- 3,340	682
Corporate income tax paid	- 1,157	- 911
Net decrease/increase in assets and liabilities from operating activities	**- 10,901**	**- 1,553**
Net cash flows from (used in) operating activities	**- 3,866**	**- 787**
Cash flows relating to financial assets and investments in non-consolidated companies	- 4,789	- 468
Cash flows relating to investment property	- 105	- 126
Cash flows relating to property, equipment and intangible assets	- 337	- 397
Net cash flows from (used in) investing activities	**- 5,232**	**- 991**
Cash flows relating to transactions with shareholders	- 334	- 10
Other cash flows relating to financing activities	7,057	3,097
Net cash flows from (used in) financing activities	**6,723**	**3,087**
Impact of movements in exchange rates on cash and cash equivalents	**103**	**127**
Net increase (decrease) in cash and cash equivalents	**- 2,271**	**1,437**
Net cash flows from (used in) operating activities	- 3,866	- 787
Net cash flows from (used in) investing activities	- 5,232	- 991
Net cash flows from (used in) financing activities	6,723	3,087
Impact of movements in exchange rates on cash and cash equivalents	103	127
Cash and cash equivalents at beginning of year	**5,729**	**4,292**
Cash accounts and accounts with central banks and post office banks	7,173	7,920
Demand loans and deposits, credit institutions	- 1,444	- 3,628
Cash and cash equivalents at end of period	**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
Change in cash and cash equivalents	**- 2,271**	**1,437**

Consolidated statement of changes in shareholders' equity

(in millions of euros)

	Capital stock	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholders' equity at January 1st, 2010	**4,918**	**0**	**12,662**	**- 36**
Capital increase	222			
Appropriation of 2009 earnings			1,194	
2010 dividend paid out of 2009 earnings			- 172	
Sub-total: movements arising from shareholder relations	**222**	**0**	**1,022**	**0**
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
2010 net income				
Sub-total	**0**	**0**	**0**	**0**
Impact of changes in group structure			9	
Translation adjustments	0			42
Other changes	0	0	0	- 1
Shareholders' equity at December 31st, 2010	**5,139**	**0**	**13,693**	**5**
Shareholders' equity at January 1st, 2011	**5,139**	**0**	**13,693**	**5**
Capital increase	- 59			
Appropriation of 2010 earnings			1,961	
2011 dividend paid out of 2010 earnings			- 164	
Sub-total: movements arising from shareholder relations	**- 59**	**0**	**1,797**	**0**
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
2011 net income				
Sub-total	**0**	**0**	**0**	**0**
Impact of changes in group structure	516		2,368	
Translation adjustments	0			16
Other changes	0	0	0	- 1
Shareholders' equity at December 31st, 2011	**5,596**	**0**	**17,858**	**20**

1. Reserves at December 31st, 2011 include a legal reserve of 179 million euros, regulatory reserves for a total of 2,744 million euros and other reserves amounting to 14,935 million euros.

Unrealized or deferred gains and losses, net of tax		Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
Relating to changes in fair value of available-for-sale financial assets	Relating to changes in fair value of hedging derivative instruments				
39	- 43	1,194	18,733	3,146	21,879
			222		222
		- 1,194	0		0
			- 172	- 60	- 232
0	0	- 1,194	50	- 60	- 10
- 241	- 45		- 286	- 24	- 311
		1,961	1,961	380	2,341
- 241	- 45	1,961	1,675	355	2,030
			9	- 23	- 14
			42	12	54
0	0	0	- 1		- 1
- 202	- 89	1,961	20,508	3,431	23,939
- 202	- 89	1,961	20,508	3,431	23,939
			- 59		- 59
		- 1,961	0		0
			- 164	- 111	- 275
0	0	- 1,961	- 224	- 111	- 334
- 737	- 16		- 753	- 53	- 805
		1,623	1,623	182	1,805
- 737	- 16	1,623	870	130	1,000
56			2,940	- 1,069	1,871
			16	4	20
0	0	0	- 1	0	- 1
- 883	- 105	1,623	24,109	2,385	26,494

Notes to the consolidated financial statements

Accounting policies and methods

Note 1.1 Accounting reference system

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

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

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

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

Note 1.2 Scope and basis of consolidation

◆ The consolidating entity

The Crédit Mutuel CM10 Group [1] (Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc and Midi-Atlantique) is a mutual banking group with membership of a central body in the meaning of articles L 511-30 et sequentes of the monetary and financial code. The local branches of the Crédit Mutuel, which are fully held by members, are at the base of the Group, using a capital control structure that is an upside-down pyramid.

In order to reflect the community of interests of members as faithfully as possible in the consolidation, the consolidating entity is defined so as to reflect the common links of working, financial solidarity and governance.

As part of that, the consolidating entity at the head of the Group is made up of companies placed under the same collective approval for practicing the banking activity issued by the committee of credit institutions and investment companies (CECEI).

Thus, the consolidating entity is made up of:

– the Fédération du Crédit Mutuel Centre Est Europe (FCMCEE), the Fédération du Crédit Mutuel du Sud-Est (FCMSE), the Fédération du Crédit Mutuel Ile-de-France (FCMIDF), the Fédération du Crédit Mutuel Savoie-Mont Blanc (FCMSMB), the Fédération du Crédit Mutuel Midi-Atlantique (FCMMA), the Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest (FCMLACO), the Fédération du Crédit Mutuel du Centre (FCMC), the Fédération du Crédit Mutuel de Normandie (FCMN), the Fédération du Crédit Mutuel Dauphiné-Vivarais (FCMDV), the Fédération du Crédit Mutuel Méditerranéen (FCMM). These are the policy bodies of the Groups, and they identify the broad orientations, decide strategy and organise the representation of the branches;

– the Caisse Fédérale de Crédit Mutuel (CF de CM), the Caisse Régionale du Crédit Mutuel du Sud-Est (CRCMSE), the Caisse Régionale du Crédit Mutuel Ile-de-France (CRCMIDF), the Caisse Régionale du Crédit Mutuel Savoie-Mont Blanc (CRCMSMB) and the Caisse Régionale du Crédit Mutuel Midi-Atlantique (CRCMMA), the Caisse Régionale du Crédit Mutuel Loire-Atlantique et Centre-Ouest (CRCMLACO), the Caisse Régionale du Crédit Mutuel du Centre (CRCMC), the Caisse Régionale du Crédit Mutuel de Normandie (CRCMN), the Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV), and the Caisse Régionale du Crédit Mutuel Méditerranéen (CRCMM). At the service of local branches, the CF de CM is responsible for common services of the network, coordinating the work and taking charge of Group logistics. It centralises the deposits of branches, funding them at the same time, and carries all the regulatory appropriations on their behalf (mandatory reserves, allocated resources, deposits with the Caisse Centrale du Crédit Mutuel, etc.);

– the Crédit Mutuel branches that are members of FCMCEE, FCMSE, FCMIDF, FCMSMB, FCMMA, FCMLACO, FCMC, FCMN, FCMDV and FCMM: these form the basis of the banking network of the Group.

The analysis of the verification of the consolidating entity complies with standard IAS 27, making it possible to prepare consolidated accounts according to IFRS references.

◆ 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.

1. The CM5-CIC Group became CM10-CIC on January 1st, 2011, when the Crédit Mutuel Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais and Méditerranéen Federations joined the Caisse Fédérale de Crédit Mutuel.

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 31st, 2011 were as follows:

Additions to the scope of consolidation

– Banking network and network subsidiaries: Caisses de Crédit Mutuel Loire-Atlantique et Centre-Ouest, Caisses de Crédit Mutuel du Centre, Caisses de Crédit Mutuel Dauphiné-Vivarais, Caisses de Crédit Mutuel Méditerranéen, Caisses de Crédit Mutuel de Normandie, Caisse Régionale du Crédit Mutuel Loire-Atlantique Centre-Ouest, Caisse Régionale du Crédit Mutuel du Centre, Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais, Caisse Régionale du Crédit Mutuel Méditerranéen, Caisse Régionale du Crédit Mutuel de Normandie, Fédération du Crédit Mutuel Loire-Atlantique et Centre-Ouest, Fédération du Crédit Mutuel du Centre, Fédération du Crédit Mutuel Dauphiné-Vivarais, Fédération du Crédit Mutuel Méditerranéen, Fédération du Crédit Mutuel de Normandie, Banque Casino.

– Insurance companies: Voy Mediacion, Atlancourtage.

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

Mergers/acquisitions

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

Removals from the scope of consolidation

Alsace Publicité, Cofidis Romania, ICM Ré, Vizille de Participations.

◆ Consolidation methods

The consolidation methods used are as follows:

Full consolidation

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

Proportionate consolidation

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

Consolidation using the equity method

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

◆ Closing date

All Group companies falling within the scope of consolidation have a December 31st 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 1st, 2004.

◆ Goodwill

Measurement differences

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

Acquisition goodwill

In accordance with IFRS 3R, when the Bank acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at fair value net of selling costs. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination.

In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".

If the Group's stake in an entity it already controls increases/decreases, the difference between the acquisition cost/selling price of the shares and the portion of consolidated equity that said shares represent on the acquisition/sale date is recognized within equity. Goodwill is presented on a separate line of the statement of financial position when it relates to fully-consolidated companies and under the heading "Investments in associates" when it relates to equity-accounted companies. Goodwill does not include direct expenses associated with acquisitions, which are required to be expensed under IFRS 3R. Goodwill is tested for impairment regularly and at least once a year. The tests are designed to identify whether goodwill has suffered a prolonged decline in value. If the recoverable amount of the cash-generating unit (CGU) to which goodwill has been allocated is less than its carrying amount, an impairment loss is recognized for the amount of the difference. These impairment losses on goodwill — which are recognized through the income statement — cannot be reversed. In practice, cash-generating units are defined on the basis of the Group's business lines.

◆ Non-controlling interests

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

Note 1.3 Accounting policies and methods

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

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

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

– the Group has opted to reset translation adjustments to zero in the opening statement of financial position;

– the valuation at market price of certain liabilities issued by the company and not included in the trading book;

– the Group has opted for the principle of eligibility for fair value hedge accounting for macro-hedges established within the framework of asset-liability management concerning fixed income positions (including in particular customer sight deposits) as authorized by regulation n° 2086/2004 of the European Commission;

– the Group used the October 2008 amendment to IAS 39 to reclassify certain financial instruments recognized at fair value as loans and receivables or as assets held-to-maturity. Reclassifications to available-for-sale assets are also possible.

Note 1.3.1 Loans and receivables

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

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

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

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

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

◆ Individual impairment of loans

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

Loans on which one or more installments are more than 3 months past due (6 months in the case of real estate loans and 9 months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.

Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under "provisions" in liabilities for financing and guarantee commitments.

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

◆ Collective impairment of loans

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

Note 1.3.3 Leases

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

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

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

◆ Finance leases-lessor accounting

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

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

– the recognition of a financial receivable due from the customer, reduced in line with the lease payments received;

– the breakdown of lease payments between principal repayments and interest, known as financial amortization;

– the recognition of an unrealized reserve, equal to the difference between:
• the net financial outstanding amount, being the debt of the lessee in the form of the outstanding principal and the interest accrued at the end of the financial year;
• the net carrying amount of the leased non-current assets;
• the deferred tax provision.

◆ Finance leases-lessee accounting

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

Note 1.3.4 Acquired securities

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

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

Classification

Financial instruments at fair value through profit or loss comprise:

1. 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;

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

Criteria for classification and rules of transfer

Fixed-income securities may be reclassified:

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

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

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

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

◆ Held-to-maturity financial assets

Classification

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

Basis for recognition and measurement of related income and expenses

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

Impairment

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

Criteria for classification and rules of transfer

This category includes fixed or determinable income securities, with a fixed maturity date, and which the Crédit Mutuel-CIC 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 gains/(losses) 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, look back 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 gains/(losses) 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 gains/(losses) 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 counterparty 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 qualify for this 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 qualify for this category.

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

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

Note 1.3.5 Debt represented by a security

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

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

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

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

Note 1.3.6 Subordinated debt

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

Note 1.3.7 Distinction between Debt and Shareholders' equity

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

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

Note 1.3.8 Provisions

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

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

The provisions made by the Group cover in particular:
– legal risk;
– social commitments;
– execution risk on off-statement of the financial position commitments;
– litigation risk and guarantee commitments given;
– tax risks;
– risks related to home savings accounts and plans.

Note 1.3.9 Amounts due to customers and credit institutions

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

◆ Regulated savings contracts

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

Note 1.3.10 Cash and cash equivalents

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

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

Note 1.3.11 Employee benefits

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

◆ Defined post-employment benefits

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

These obligations are calculated using the projected unit credit method, which involves awarding benefits to periods of service under the contractual formula for calculating the retirement plan benefits, subsequently discounted on the basis of demographic and financial assumptions, including:
– the discount rate, determined by reference to the long-term interest rates of high-quality corporate bonds, at year-end;
– the rate of wage increase, assessed according to the age group, the management/non-management category, and regional features;
– the rate of inflation, estimated on the basis of a comparison between the OAT (French government bond) yields and OAT yields inflated for different maturities;
– rates of employee turnover determined by age group on the basis of an average ratio over three years of the num-

ber of resignations and dismissals over the total number of employees working in the company under non-fixed term contracts at the financial year-end;
– the age of retirement: an estimate is made by individual on the basis of real or estimated date of entry in the working life and assumptions related to the retirement reform legislation (Fillon law), with a maximum ceiling at age 67;
– the mortality according to INSEE (the French National Institute for Statistics and Economic Studies) TF 00-02 table.

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

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

Supplementary benefits provided by pension funds

The AFB stepping stone agreement of September 13th, 1993 modified the pension plans of credit institutions. Since January 1st, 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-CIC Group, which is fully consolidated.

◆ **Defined contribution post-employment benefits**

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

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

◆ **Long-term benefits**

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

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

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

◆ **Employee supplementary retirement plans**

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

Employees of the CM10 Group benefit from two supplementary retirement plans, one with defined contributions and the other with defined benefits. The rights under the defined contributions plan are vested even if the employee leaves the company, unlike the rights under the defined benefits plan which, in accordance with the new regulation, only vest definitively when the employee leaves the company to retire. The total amount of the obligation was 719 million euros as of December 31st, 2011, covered by technical reserves of 692 million euros and 39 million euros worth of mathematical reserves for defined benefits plans recognized on the liabilities side of the ACM VIE SA statement of financial position. These figures represent all the beneficiaries.

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

◆ Termination benefits

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

◆ Short-term benefits

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

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

Note 1.3.12 Insurance

The accounting principles and valuation rules of the assets and liabilities generated by the issuance of insurance policies have been drawn up in accordance with IFRS 4. This also applies to 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.

Note 1.3.13 Property and equipment and intrangible 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. The Group has adopted the component approach for property used in operations and investment property.

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

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

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

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

The depreciation and amortization periods are:

Property and equipment:

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

Intangible fixed assets:

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

Depreciable and amortizable assets are tested for impairment when there is evidence 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 gains/(losses) on disposals of other assets". Gains and losses on disposals of investment property are shown in the income statement under "Income from other activities" or "Expense on other activities".

Note 1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

◆ Deferred taxes

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

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

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

Deferred tax assets and liabilities are offset when they arise within a single tax entity or tax group, are subject to the tax laws of the same country, and there is a legal right of offset. They are not discounted.

Note 1.3.15 Interest paid by the French Government on some loans

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

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

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

Note 1.3.16 Financial guarantees and financing commitments given

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

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

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

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

Note 1.3.17 Foreign exchange transactions

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

◆ Monetary financial assets and liabilities

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

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

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

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

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

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

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

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

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

Preparation of the financial statements may require the use of assumptions and estimates that are reflected in the measurement of income and expense in the income statement and of assets and liabilities in the statement of financial position, and in the disclosure of information in the notes to the financial statements. This requires managers to draw upon their judgment and experience and make use of the information available at the date of preparation of the financial statements when making the necessary estimates. This applies in particular to:

– the impairment of debt and equity instruments,
– the use of calculation models when valuing financial instruments that are not listed on an active market and are classified in “Available-for-sale financial assets”, “Financial assets at fair value through profit or loss” or “Financial liabilities at fair value through profit or loss”,
– the assessment of the active nature of certain markets,
– calculation of the fair value of financial instruments that are not listed on an active market and are classified in “Loans and receivables” or “Held-to-maturity financial assets” for which this information must be provided in the notes to the financial statements,
– impairment tests performed on intangible fixed assets,
– measurement of provisions, including retirement obligations and other employee benefits.

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

The Group's activities are as follows:

– Retail banking brings together the network of Caisses de Crédit Mutuel CM10, CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banque Marocaine du Commerce Exterieur and all specialist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.

– The insurance business line comprises the Assurances du Crédit Mutuel Group.

– Financing and capital markets covers:

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

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

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

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

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

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

Note 2a

Breakdown of the statement of financial position items by business line

Assets 2011

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

Liabilities 2011

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

Assets 2010

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

Liabilities 2010

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

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

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

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

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

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

December 31st, 2011

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

December 31st, 2010

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

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

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

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

Assets

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

Liabilities

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

1. USA, Singapore, Tunisia and Morocco.

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

	December 31st, 2011		
	France	Europe excluding France	Rest of the world [1]
Net banking income [2]	8,944	1,861	249
General operating expenses	- 5,606	- 1,267	- 68
Gross operating income	**3,337**	**593**	**181**
Net additions to/reversals from provisions for loan losses	- 1,024	- 429	- 3
Net gains (losses) on disposal of other assets [3]	17	3	42
Net income before tax	**2,331**	**168**	**220**
Net income	1,549	116	141
Net income attributable to the Group	**1,421**	**71**	**131**

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

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

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

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

Note 3 Scope of consolidation

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

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

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

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

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

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

Note 4 Cash, central banks

Note 4a Loans and receivables due from credit institutions

	December 31st, 2011	December 31st, 2010
Cash and amounts due from central banks		
Due from central banks	5,431	6,399
– including reserve requirements	*1,898*	*1,668*
Cash	875	818
Total	**6,307**	**7,217**
Total on a comparable basis	*6,202*	
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	19,186	13,283
Other current accounts	1,820	4,561
Loans	7,105	7,222
Other receivables	4,451	7,405
Securities not listed in an active market	3,672	4,681
Repurchase agreements	1,141	1,742
Individually impaired receivables	1,099	1,267
Accrued interest	439	301
Impairment provisions	- 310	- 350
Total	**38,603**	**40,113**
Total on a comparable basis	*38,517*	

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

Note 4b Amounts due to credit institutions

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

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

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

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

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

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

Own credit risk is insignifiant.

◆ Financial liabilities held for trading

	December 31st, 2011	December 31st, 2010
Short selling of securities	1,087	1,864
– Government securities	*0*	*1*
– Bonds and other fixed-income securities	*641*	*1,315*
– Equities and other variable-income securities	*447*	*548*
Repurchase agreements		
Trading derivative instruments	*4,752*	*4,687*
Other financial liabilities held for trading	802	760
Total	**6,642**	**7,312**
Total on a comparable basis	*6,641*	

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

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

Note 5c Fair value hierarchy

	December 31st, 2011			
	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	68,939	1,552	1,713	72,204
– Government and similar securities, AFS	*15,031*	*315*	*0*	*15,346*
– Bonds and other fixed-income securities, AFS	*47,316*	*1,201*	*566*	*49,083*
– Equities and other variable-income securities, AFS	*5,327*	*0*	*166*	*5,493*
– Investments in non-consolidated companies and other LT investments, AFS	*1,234*	*9*	*567*	*1,810*
– Investments in associates, AFS	*32*	*26*	*415*	*473*
Held for trading/Fair value option (FVO)	22,787	12,517	2,759	38,063
– Government and similar securities, held for trading	*1,094*	*315*	*0*	*1,409*
– Government and similar securities, FVO	*24*	*0*	*0*	*24*
– Bonds and other fixed-income securities, held for trading	*8,985*	*2,075*	*917*	*11,977*
– Bonds and other fixed-income securities, FVO	*2,727*	*441*	*4*	*3,172*
– Equities and other securities, held for trading	*459*	*0*	*14*	*473*
– Equities and other securities, FVO	*9,462*	*416*	*1,672*	*11,550*
– Loans and receivables due from credit institutions, FVO	*0*	*2,792*	*0*	*2,792*
– Loans and receivables due from customers, FVO	*0*	*4,308*	*0*	*4,308*
– Derivative instruments and other financial liabilities, held for trading	*37*	*2,170*	*152*	*2,359*
Hedging derivative instruments	0	923	12	935
Total	**91,728**	**14,991**	**4,485**	**111,204**

	December 31st, 2011			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading/Fair value option (FVO)	1,929	29,016	64	31,009
– Due to credit institutions, FVO	*0*	*23,691*	*0*	*23,691*
– Due to customers, FVO	*0*	*615*	*0*	*615*
– Debt securities, FVO	*0*	*60*	*0*	*60*
– Subordinated debt, FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities, held for trading	*1,929*	*4,649*	*64*	*6,642*
Hedging derivative instruments	0	2,941	982	3,923
Total	**1,929**	**31,956**	**1,046**	**34,931**

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS 7:
– Level 1 instruments: valued using stock market prices. In the case of capital market activities, these include debt securities with prices quoted by at least four contributors and derivative instruments quoted on a regulated market.
– Level 2 instruments: measured using valuation techniques based primarily on observable inputs. In the case of capital market activities, these comprise debt securities with prices quoted by two to three contributors and derivative instruments traded over the counter, which are not included in level 3.
– Level 3 instruments: measured using valuation techniques based primarily on unobservable inputs. These involve unquoted equities, and, in the case of capital markets activities, debt securities quoted by a single contributor and derivative instruments valued using primarily unobservable parameters.

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

Level 3 details

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

Note 6 Hedging

Note 6a Hedging derivative instruments

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

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

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

Note 6c Analysis of derivative instruments

	December 31st, 2011			December 31st, 2010		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– Swaps	*360,202*	*1,362*	*3,952*	*380,632*	*1,630*	*3,656*
– Other forward contracts	*8,394*	*4*	*1*	*10,704*	*4*	*0*
– Options and conditional transactions	*32,039*	*117*	*121*	*48,440*	*213*	*259*
Foreign exchange derivative instruments						
– Swaps	*84,374*	*41*	*77*	*114,540*	*39*	*85*
– Other forward contracts	*17,422*	*172*	*116*	*15,737*	*121*	*101*
– Options and conditional transactions	*17,493*	*195*	*195*	*15,865*	*169*	*169*
Derivative instruments other than interest-rate and foreign exchange						
– Swaps	*16,567*	*374*	*242*	*22,289*	*288*	*347*
– Other forward contracts	*1,951*	*0*	*0*	*3,598*	*0*	*0*
– Options and conditional transactions	*788*	*95*	*48*	*1,624*	*56*	*70*
Sub-total	**539,229**	**2,359**	**4,752**	**613,427**	**2,521**	**4,687**
Hedging derivative instruments						
Fair value hedges						
– Swaps	*74,351*	*929*	*3,879*	*67,075*	*131*	*3,028*
– Other forward contracts	*0*	*0*	*0*	*0*	*0*	*0*
– Options and conditional transactions	*5*	*0*	*0*	*2*	*1*	*0*
Cash flow hedges						
– Swaps	*157*	*4*	*39*	*0*	*2*	*45*
– Other forward contracts	*0*	*0*	*4*	*0*	*0*	*0*
– Options and conditional transactions	*0*	*1*	*0*	*0*	*2*	*0*
Sub-total	**74,513**	**935**	**3,923**	**67,077**	**135**	**3,073**
Total	**613,743**	**3,294**	**8,675**	**550,264**	**2,656**	**7,760**
Total on a comparable basis	*595,656*	*3,294*	*8,663*			

Note 7a Available-for-sale financial assets

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

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

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

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

Note 7c Exposure to sovereign risk

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

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

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

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

◆ Exposure to Greek sovereign risk

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

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

Other countries with a support plan

Net exposure at December 31st, 2011 [1]	Portugal	Ireland
Financial assets at fair value through profit or loss	50	
Available-for-sale financial assets	104	99
Held-to-maturity financial assets		
Total	**154**	**99**

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

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

Other sovereign risk exposures in the banking portfolio

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

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

Note 8 Customers

Note 8a Loans and receivables due from customers

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

◆ Finance leases with customers

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

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

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Future minimum lease payments receivable	2,736	4,507	1,708	8,951
Present value of future minimum lease payments receivable	2,560	4,300	1,694	8,554
Unearned finance income	**176**	**207**	**13**	**397**

Note 8b Amounts due to customers

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

Note 9 Held-to-maturity financial assets

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

Note 10 Movements in provisions for impairment

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

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

At December 31st, 2011, provisions for loans and receivables due from customers amounted to 7,564 million euros (compared to 7,256 million euros at the end of 2010), of which collective provisions totaled 526 million euros. Individual provisions essentially relate to overdrawn current accounts, for 929 million euros (compared to 915 million euros at the end of 2010), and to provisions for commercial and other loans (including home loans) for 5.967 million euros (compared to 5.804 million euros at the end of 2010).

Note 11 Reclassification of financial instruments

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

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

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

Note 12 Exposures affected by the financial crisis

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

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

Unless otherwise stated, securities are not covered by CDS.

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

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

Note 13a Current income tax

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

Note 13b Deferred income tax

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

Breakdown of deferred income tax by major categories

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

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 36.10% (i.e., the standard tax rate).
1. Of which USA tax losses: 122 million euros in 2011 and 176 million euros in 2010.

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

Note 14a Accruals and other assets

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

Note 14b Accruals and other liabilities

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

Note 15 Equity-accounted investments

Equity value and share of net income (loss)

		Percent interest
ACM Nord	Unlisted	49.00%
ASTREE Assurance	Listed	30.00%
Banca Popolare di Milano [1]	Listed	6.99%
Banque de Tunisie	Listed	20.00%
Banque Marocaine du Commerce Extérieur	Listed	24.64%
CCCM	Unlisted	49.46%
RMA Watanya	Unlisted	22.02%
Royal Automobile-Club de Catalogne	Unlisted	48.99%
Other	Unlisted	
Total		
Total on a comparable basis		

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

Financial data published by the major equity-accounted entities

	Total assets	NBI or revenues	Net income
ACM Nord	149	125	8
ASTREE Assurance [1 2]	277	91	16
Banca Popolare di Milano [1]	54,053	322	111
Banque de Tunisie	3,142	148	56
Banque Marocaine du Commerce Extérieur [1 3]	187,187	7,552	1,426
CCCM	6,056	36	25
RMA Watanya [1 3]	222,247	4,448	2,240
Royal Automobile-Club de Catalogne	101	130	8

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

Banca Popolare di Milano scarl or "BPM"

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

After these two transactions, the total number of shares issued by BPM is 3,229,621,379 and the number of shares held by the Group is 226 million, representing a 6.99% equity interest as at December 31st, 2011. At January 1st, 2011, the Group's interest in BPM was 4.99%. The increase in the percentage of interest was due to the larger proportion of convertible bonds over shares held by the Group. The investment in BPM is accounted for using the equity method, as the CM10-CIC Group, which retains its position

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

as a strategic partner to BPM's Board of Directors and is also a member of its Executive Committee and the Finance Committee, is deemed to exercise significant influence over the entity. The investment's carrying amount must therefore reflect the Group's share of BPM's net assets (IFRS), up to the value in use. This value was determined using the dividend discount method (DDM), which involves discounting over a long period of time future distributable profits, obtained from estimated earnings less the regulatory reserve needed for compliance with solvency ratio requirements.

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

Based on this valuation, the carrying amount of the equity-accounted investment reported in the financial statements was 196 millions of euros (net of any impairment losses). As a reminder, at December 31st, 2011 the BPM closing price on the Milan stock exchange was 31 euro cents and at February 23th, 2012 the opening price was 50 euro cents. The stock market value of the Group's interest in BPM was 70 million euros at December 31st, 2011 and 113 million euros at February 23th, 2012. As at September 30th, 2011, BPM's total assets reported in the consolidated financial statements (IFRS) stood at 51,927 million euros and shareholders' equity amounted to 3,795 million euros, including net income for the first nine months of 2011 of 49 million euros. On October 4th, 2011, the Group sold its entire interest (6.49%) in Banca di Legnano DpA to BPM. After this transaction, BPM fully owned this subsidiary and subsequently merged it on February 11th, 2012 with another subsidiary, Cassa di Risparmio di Alessandria SpA.

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

Note 16 Investment Property

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

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

Note 17a Property and equipment

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

Note 17b Intangible assets

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

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

Note 18 Goodwill

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

Subsidiaries	Goodwill at December 31st, 2010	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31st, 2011
Targobank Germany	2,757	5			2,763
Crédit Industriel et Commercial (CIC)	497				497
Cofidis Participations	378				378
Targobank Spain (former Banco Popular Hipotecario)	183				183
NRJ Mobile	78				78
CIC Private Banking – Banque Pasche	52	1			52
Banque Casino	0	27			27
CM-CIC Investissement	21				21
Monabanq	17				17
CIC Iberbanco	15				15
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
Transatlantique Gestion	5				5
Other	169	86	- 4	- 10	242
Total	**4,192**	**120**	**- 4**	**- 10**	**4,298**

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

Note 19 Debt securities

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

Note 20 Insurance companies' technical provisions

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

Note 21 Provisions

	December 31st, 2010	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	December 31st, 2011
Provisions for risks	**453**	**73**	**- 84**	**- 70**	**24**	**395**
Signature commitments	144	47	- 10	- 46	4	139
Financing and guarantee commitments	1	0	- 1	0	0	0
On country risks	20	0	- 2	0	0	18
Provision for taxes	119	6	- 56	0	- 4	65
Provisions for claims and litigation	137	15	- 6	- 19	20	147
Provision for risks on miscellaneous receivables	32	5	- 9	- 5	4	26
Other provisions	**863**	**149**	**- 140**	**- 135**	**11**	**748**
Provisions for home savings accounts and plans	124	0	- 9	- 33	23	105
Provisions for miscellaneous contingencies	461	83	- 118	- 78	17	365
Other provisions	279	66	- 13	- 24	- 30	278
Provisions for retirement benefits [1]	**212**	**61**	**- 17**	**- 14**	**361**	**604**
Retirement benefits defined benefit and equivalent, excluding pension funds						
Retirement bonuses [2]	101	48	- 12	- 2	272	407
Supplementary retirement benefits	66	10	- 4	- 3	34	103
Long service awards (other long-term benefits)	33	3	- 1	- 7	55	82
Sub-total to statement of financial position	**199**	**61**	**- 17**	**- 12**	**361**	**592**
Supplementary retirement benefit defined benefit, provided by Group's pension funds						
Provisions for pension fund shortfalls [3] *Fair value of plan assets*	13	0	0	- 2	- 2	11
Sub-total to statement of financial position	**13**	**0**	**0**	**- 2**	**- 2**	**11**
Total	**1,529**	**283**	**- 241**	**- 219**	**395**	**1,747**
Total on a comparable basis						*1,667*

Assumptions

	December 31st, 2011	December 31st, 2010
Discount rate [4]	4.7%	4.0%
Annual increase in salaries [5]	Minimum 1.8%	Minimum 1.5%

1. Employee-related liability amounts as at December 31st, 2010 which were covered by insurance contracts within the Group were reclassified from "Insurance technical provisions" to "Provisions".
2. For the French banks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CM10-CIC Group).
3. The provision for pension fund shortfalls only covers foreign entities.
4. The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the IBOXX index.
5. The annual increase in salaries is the estimate of cumulative future salary inflation. Since 2010, it is also based on the age of the employees.

Movements in provision for retirement bonuses

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

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

Provisions for home savings accounts and plans signature risk

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

Home savings loans

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

Provisions for home savings accounts and plans

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

Analysis of provisions on home savings plans by seniority

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

1. Impacts related to newly consolidated entities.

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

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

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

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

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

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

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

Note 22 Subordinated debts

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

Main subordinated debt issues

	Type
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
CIC	Perpetual subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note

1. Amounts net of intra-Group balances.
2. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
3. Non amortizable, but redeemable at borrower's discretion with effect from May 28th, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
4. 10-year CMS ISDA CIC + 10 basis points.
5. 10-year CMS ISDA + 10 basis points.
6. Fixed-rate 4.471 until October 28st, 2015 and there after 3-month Euribor + 185 basis points.

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

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

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

◆ Share capital of the Caisses de Crédit Mutuel

The Caisses de Crédit Mutuel have a share capital consisting of:
– unassignable "Parts A" type shares,
– marketable "Parts B" type shares,
– "Parts P" type priority interest-bearing shares.

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

The "Parts B" repurchase system differs according to whether they were subscribed before or after December 31st, 1988:
– shares subscribed before December 31st, 1988 may be reimbursed at the member's request for the January 1st, of each year. This reimbursement, which takes place subject to compliance with the regulations concerning the reduction of the capital, is subject to at least 3 months' notice;
– shares subscribed after January 1st, 1989 may be reimbursed at the member's request with 5 years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compliance with the regulations concerning the reduction of the capital.

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

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

At December 31st, 2011, the capital of the Caisses de Crédit Mutuel broke down as follows:
– 175.8 million euros of "Parts A" type shares, as against 133.2 million euros on December 31st, 2010,
– 5,372.9 million euros of "Parts B" type shares, as against 4,915.5 million euros on December 31st, 2010,
– 47,4 million euros of "Parts P" type shares, as against 90.7 million euros on December 31st, 2010.

Note 23b Unrealized or deferred gains and losses

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

1. Net of tax.

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

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

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

	Changes December 31st, 2011			Changes December 31st, 2010		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	- 5	0	- 5	0	0	0
Remeasurement of available-for-sale financial assets	- 1,129	363	- 766	- 316	47	- 270
Remeasurement of hedging derivative instruments	- 19	2	- 16	- 46	0	- 45
Share of unrealized or deferred gains and losses of associates	- 18	0	- 18	4	0	4
Total gains and losses recognized directly in shareholders' equity	**- 1,170**	**366**	**- 805**	**- 358**	**47**	**- 311**

Note 24 Commitments given and received

Commitments given

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

Commitments received

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

Assets pledged as collateral for liabilities

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

Note 25 Interest income, interest expense and equivalent

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

Note 26 Fees and commissions

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

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

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

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

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

	December 31st, 2011			
	Dividends	Realized gains (losses)	Impairment losses	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	79	116	- 103	92
Other	0	- 82	0	- 82
Total	**88**	**67**	**- 143**	**11**

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

Note 29 Other income and expense

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

Net income from the insurance business line

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

Note 30 General operating expenses

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

Note 30a Payroll costs

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

Number of employees

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

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

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

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

Note 30b Other operating expenses

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

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

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

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

December 31st, 2011

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 3	51	0	0	0	48
Customers	- 1,615	1,616	- 754	- 371	112	- 1,012
– Finance leases	- 10	6	- 3	- 6	0	- 13
– Other customer items	- 1,605	1,609	- 751	- 365	111	- 999
Sub-total	**- 1,618**	**1,667**	**- 754**	**- 371**	**112**	**- 964**
Held-to-maturity financial assets	- 2	0	0	0	0	- 2
Available-for-sale financial assets	- 464	1	- 40	- 50	44	- 509
Other	- 52	73	- 2	0	0	19
Total	**- 2,135**	**1,741**	**- 796**	**- 421**	**156**	**- 1,456**

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

December 31st, 2010

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 131	321	- 116	- 1	0	73
Customers	- 1,704	1,451	- 554	- 540	65	- 1,282
– Finance leases	- 3	2	- 2	- 5	1	- 6
– Other customer items	- 1,701	1,449	- 552	- 535	64	- 1,276
Sub-total	**- 1,835**	**1,772**	**- 670**	**- 541**	**65**	**- 1,209**
Held-to-maturity financial assets	- 12	0	0	0	0	- 12
Available-for-sale financial assets	0	1	- 83	- 38	0	- 120
Other	- 75	146	- 37	0	1	35
Total	**- 1,921**	**1,919**	**- 790**	**- 579**	**66**	**- 1,305**

Note 32 Gains (losses) on other assets

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

Note 33 Change in value of goodwill

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

Note 34 Corporate income tax

◆ Breakdown of income tax expense

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

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

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

Note 35 Fair value of financial instruments recognized at amortized cost

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

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

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

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

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

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

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

Note 36 Related party transactions

◆ Statement of financial position items relating to related party transactions

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

◆ Income statement items relating to related party transactions

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

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

◆ Relationships with the Group's key management

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

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

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

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

Note 37 Events after the reporting period and other information

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

Note 38 Exposure to risk

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

Total renumeration paid to key management

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

Note 39 Statutory auditors' fees

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

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

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

The total audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated and individual financial statements of BFCM, mentioned in the table above, amounted to 6,735 thousands of euros for the year 2011.

Report of the Statutory Auditors on the consolidated financial statements

KPMG Audit
A unit of KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex

Statutory Auditor
Member of the Versailles regional
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1-2, place des Saisons
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Statutory Auditor
Member of the Versailles regional
institute of accountants

Groupe CM10-CIC
Year ended December 31st, 2011

Report of the statutory auditors
on the consolidated financial statements

To the Shareholders,

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

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

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

Opinion on the consolidated financial statements

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

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

Justification of our assessments

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

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

• In note 7c, your Group details its exposure to sovereign risk, particularly Greek sovereign risk, along with the measurement and accounting procedures applied. We examined the control systems applicable to measurement of this exposure and to the estimate of credit risk, the accounting treatment used, and the appropriateness of the information provided in the above-mentioned note.

• Your Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.

• Your Group carried out impairment tests on goodwill and investments held, which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates which led, where applicable, to impairment losses.

• Your Group records impairment losses to cover the credit and counterparty risks inherent to its business (notes 1, 8a, 10, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment.

• Your Group recognizes deferred tax assets, in particular for tax loss carry-forwards (notes 1 and 13b to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

• Your Group records provisions for employee benefit obligations (notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

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

Specific verification

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

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

Paris-La Défense, April 19th, 2012
French original signed by
The statutory auditors

KPMG Audit
A unit of KPMG S.A.

Jean-François Dandé

Ernst & Young & Autres

Isabelle Santenac

Unaudited Consolidated Financial Statements of the CM11-CIC Group as of and for the Six Months Ended June 30, 2012

The financial statements are unaudited but were subjected to a limited review.

Consolidated balance sheet
(in millions of euros)

◆ **Assets – IFRS** (in € millions)

	Notes	June 30, 2012	Dec. 31, 2011 restated *
Cash and amounts due from central banks	4a	5,143	6,307
Financial assets at fair value through profit or loss	5a, 5c	44,174	38,063
Hedging derivative instruments	6a, 5c, 6c	1,105	935
Available-for-sale financial assets	7, 5c	71,440	71,956
Loans and receivables due from credit institutions	4a	46,091	38,603
Loans and receivables due from customers	8a	268,812	263,906
Remeasurement adjustment on interest-risk hedged investments	6b	800	738
Held-to-maturity financial assets	9	13,398	16,121
Current tax assets	12a	1,226	1,607
Deferred tax assets	12b	1,602	1,755
Accruals and other assets	13a	18,387	17,272
Equity-accounted investments	14	2,024	2,059
Investment property	15	1,065	909
Property and equipment	16a	2,880	2,940
Intangible assets	16b	953	1,004
Goodwill	17	4,299	4,298
Total assets		**483,399**	**468,473**

* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

◆ **Liabilities and shareholder's equity** (in € millions)

	Notes	June 30, 2012	Dec. 31, 2011 restated *
Due to central banks	4b	360	282
Financial liabilities at fair value through profit or loss	5b, 5c	30,508	31,009
Hedging derivative instruments	6a, 5c, 6c	3,689	3,923
Due to credit institutions	4b	33,934	36,422
Due to customers	8b	207,506	200,086
Debt securities	18	89,691	87,227
Remeasurement adjustment on interest-risk hedged investments	6b	- 3,254	- 2,813
Current tax liabilities	12a	657	561
Deferred tax liabilities	12b	942	842
Accruals and other liabilities	13b	14,396	10,030
Technical reserves of insurance companies	19	68,397	65,960
Provisions	20	1,747	1,747
Subordinated debt	21	6,542	6,563
Shareholders' equity		28,285	26,634
Shareholders' equity attributable to the Group		26,011	24,249
– *Subscribed capital and issue premiums*	*22a*	*5,943*	*5,596*
– *Consolidated reserves*	*22a*	*19,662*	*17,961*
– *Unrealised or deferred gains and losses*	*22c, 22d*	*- 410*	*- 946*
– *Net income for the year*		*815*	*1,638*
Shareholders' equity – Minority interests		2,275	2,385
Total liabilities and shareholders' equity		**483,399**	**468,473**

* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

Consolidated income statement

(in € millions)

	Notes	June 30, 2012	June 30, 2011 restated *
Interest income	24	9,043	8,721
Interest expense	24	- 6,733	- 5,618
Fee and commission income	25	1,774	1,914
Fee and commission expense	25	- 430	- 474
Net gain (loss) on financial instruments at fair value through profit or loss	26	798	258
Net gain (loss) on available-for-sale financial assets	27	125	82
Income from other activities	28	6,186	6,287
Expenses on other activities	28	- 4,932	- 5,074
Net banking income		**5,831**	**6,096**
Operating expenses	29a, 29b	- 3,536	- 3,333
Depreciation, amortization and impairment for non-current assets	29c	- 245	- 246
Gross operating income		**2,051**	**2,518**
Net additions to/reversals from provisions for loan losses	30	- 568	678
Operating income		**1,483**	**1,840**
Share of net income (loss) of associates	14	- 58	- 1
Gains (losses) on other assets	31	12	52
Net income before tax		**1,437**	**1,891**
Corporate income tax	33	- 521	- 625
Net income		**916**	**1,266**
Net income attributable to minority interests		100	135
Net income attributable to the Group		**815**	**1,131**

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

	Notes	June 30, 2012	June 30, 2011 restated *
Net income		**916**	**1,266**
Translation adjustments		- 11	5
Remeasurement of available-for-sale financial assets		617	378
Remeasurement of hedging derivative instruments		- 5	29
Share of unrealized or deferred gains and losses of associates		*- 7*	*- 7*
Total gains and losses recognized directly in shareholders' equity	**22c, 22d**	**594**	**406**
Net income and gains and losses recognized directly in shareholders' equity		**1,509**	**1,671**
– attributable to the Group		*1,351*	*1,518*
– attributable to minority interests		*158*	*153*

The items relating to gains and losses recognized directly in shareholders' equity are presented net of related tax effects.
* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

Consolidated statement of net cash flows

(in € millions)

	First half 2012	First half 2011 restated
Net income	916	1,266
Corporate income tax	521	625
Income before tax	**1,437**	**1,891**
Net depreciation/amortization expense on property, equipment and intangible assets	240	241
Impairment of goodwill and other non-current assets	16	0
Net additions to/reversals from provisions and impairment losses	- 371	- 30
Share of net income/loss of associates	- 2	- 40
Net loss/gain from investment activities	- 50	- 63
Income/expense from financing activities	0	0
Other movements	794	3,907
Total non-monetary items included in income before tax and other adjustments	**628**	**4,015**
Cash flows relating to interbank transactions	173	- 595
Cash flows relating to customer transactions	2,340	- 1,066
Cash flows relating to other transactions affecting financial assets and liabilities	- 6,529	- 7,091
Cash flows relating to other transactions affecting non-financial assets and liabilities	3,200	- 1,573
Corporate income tax paid	- 152	- 571
Net decrease/increase in assets and liabilities from operating activities	**- 968**	**- 10,896**
Net cash flows from (used in) operating activities	**1,097**	**- 4,990**
Cash flows relating to financial assets and investments in non-consolidated companies	4,882	1
Cash flows relating to investment property	- 165	- 14
Cash flows relating to property, equipment and intangible assets	- 131	- 122
Net cash flows from (used in) investing activities	**4,586**	**- 135**
Cash flows relating to transactions with shareholders	- 40	- 289
Other cash flows relating to financing activities	3,568	6,773
Net cash flows from (used in) financing activities	**3,528**	**6,484**
Impact of movements in exchange rates on cash and cash equivalents	**5**	**- 165**
Net increase (decrease) in cash and cash equivalents	**9,217**	**1,193**
Net cash flows from (used in) operating activities	1,097	- 4,990
Net cash flows from (used in) investing activities	4,586	- 135
Net cash flows from (used in) financing activities	3,528	6,484
Impact of movements in exchange rates on cash and cash equivalents	5	- 165
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	**12,675**	**6,922**
Cash accounts and accounts with central banks and post office banks	4,783	11,349
Demand loans and deposits, credit institutions	7,892	- 4,426
Change in cash and cash equivalents	**9,217**	**1,193**

Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital	Additional paid in capital	Retained earnings	Translation reserve
Shareholders' equity at January 1, 2011	**5,139**		**13,698**	
Capital increase	- 21			
Appropriation of 2010 earnings			1,961	
2011 dividend paid out of 2010 earnings			- 164	
Sub-total: movements arising from shareholder relations	**- 21**		**1,797**	
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
Income for the first half of 2011				
Sub-total				
Impact of changes in group structure	516		2,366	
Translation adjustments			- 9	
Other changes				
Shareholders' equity at June 30, 2011	**5,634**		**17,852**	
Shareholders' equity at July 1, 2011	**5,634**		**17,852**	
Capital increase	- 38			
Appropriation of 2010 earnings				
2011 dividend paid out of 2010 earnings				
Sub-total: movements arising from shareholder relations	**- 38**			
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
Income for the second half of 2011				
Sub-total				
Impact of changes in group structure			2	
Translation adjustments			24	
Other changes				
Shareholders' equity at December 31, 2011	**5,596**		**17,858**	
Shareholders' equity restated at December 31, 2011 *(see note 1b)*	**5,596**		**17,961**	

Unrealized or deferred gains and losses, net of tax		Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
Available-for-sale financial assets	Hedging derivative instruments				
- 202	- 89	1,961	20,508	3,431	23,939
			- 21		- 21
		- 1,961			
			- 164	- 104	- 268
		- 1,961	- 185	- 104	- 289
284	30		314	14	328
		1,121	1,121	135	1,256
284	30	1,121	1,435	149	1,584
73			2,955	- 1,074	1,881
			- 9	2	- 7
1			1	- 1	0
156	- 59	1,121	24,704	2,403	27,107
156	- 59	1,121	27,704	2,403	27,107
			- 38		- 38
				- 7	- 7
			- 38	- 7	- 45
- 1,021	- 46		- 1,067	- 67	- 1,134
		502	502	47	549
- 1,021	- 46	502	- 565	- 20	- 585
- 17			- 15	5	- 10
			24	2	26
- 1			- 1	2	1
- 883	- 105	1,623	24,109	2,385	26,494
- 841	- 105	1,638	24,249	2,385	26,634

Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholder's equity at January 1, 2012	**5,596**		**17,961**	
Capital increase	233			
Appropriation of 2011 earnings			1,638	
2012 dividend paid out of 2011 earnings			- 192	
Sub-total: movements arising from shareholder relations	**233**		**1,446**	
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
Income for the first half of 2012				
Sub-total				
Impact of changes in group structure	114		277	
Translation adjustments				13
Other changes	0		- 22	22
Shareholders' equity at June 30, 2012	**5,943**		**19,662**	**35**

1. Reserves at June 30, 2012 include a legal reserve of €211 million, regulatory reserves for a total of €3,231 million and other reserves amounting to €16,220 million.

	Unrealized or deferred gains and losses, net of tax		Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
	Available-for-sale financial assets	Hedging derivative instruments				
	- 841	- 105	1,638	24,249	2,385	26,634
				233		233
			- 1,638			
				- 192	- 81	- 273
			- 1,638	41	- 81	- 40
	485	17		502	57	559
			815	815	100	916
	485	17	815	1,317	157	1,474
				391	- 187	204
				13	1	14
	0	0		- 1	0	-1
	- 356	- 88	815	26,011	2,275	28,285

Notes to the consolidated financial statements

The notes to the financial statements are presented in millions of euros.

Note 1: Accounting policies, valuation methods and presentation

Note 1a Accounting policies and methods

The accounting policies applied are the same as those used for the preparation of the financial statements for the financial year ended December 31, 2011.

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 have been drawn up in accordance with IFRS as adopted by the European Union at June 30, 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.

These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm

These interim financial statements are presented in accordance with IAS 34 relating to interim financial reporting, which allows for the publication of condensed financial statements. They supplement the annual financial statements for the year ended December 31, 2011, presented in the 2011 registration document. The group's business is not subject to seasonal or cyclical effects. Estimates and assumptions may have been used in the valuation of balance sheet items.

Standards and interpretations applicable as of January 1, 2012 and not yet apllied	Date of application specified by the IASB (fiscal years beginning on)	Date of application in the EU (fiscal years beginning on)	Application Impacts
Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets	7/1/2011	7/1/2011	Limited

Note 1b

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 recognition of the investment in BPE using the equity method had the following impact on the statement of financial position at end-2011 (€ millions):

	12/31/2011 reported	12/31/2011 restated
Available-for-sale financial assets	72,204	71,956
Equity-accounted investments	1,671	2,059
Total assets	**468,333**	**468,473**
Shareholders' equity attributable to the Group	24,109	24,249
Consolidated reserves	17,878	17,961
Unrealized or deferred gains and losses	-988	-946
Net income for the year	1,623	1,638

In the 2011 income statement, the restatement involves a €26.9 million increase to 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," yielding a €14.3 million positive net impact on net income.

	06/30/2011 reported	06/30/2011 restated
Net gain (loss) on available-for-sale financial assets	88	82
Share of net income of associates	- 17	- 1
Net income	1,256	1,266

The fair value of the investment in BPE pursuant to paragraph 37 of IAS 28 using the stock market price was €164 million as of June 30, 2012. An impairment test of the investment relative to its estimated value in use was performed at the close, in accordance with the provisions of IAS 39 and IAS 36, resulting in an impairment charge of €76 million in the income statement for the period ending June 30, 2012.

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

The Group's activities are as follows:

• Retail banking brings together the network of CM11's local banks, CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banque Marocaine du Commerce Exterieur and all special ist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.

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

• Financing and capital markets covers:

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

b) capital markets activities in general, spanning customer and own account transactions involving interest 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 consol idated company is included in only one business line, corresponding to its core business, on the basis of the contribution to the CM10-CIC Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position balances are subject to an analytical distribution.

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

June 30, 2012

	Retail banking	Insurance	Financing and capital markets
Net banking income	4,356	639	562
General operating expenses	- 2,959	- 186	- 154
Gross operating income	**1,397**	**453**	**408**
Net additions to/reversals from provisions for loan losses	- 456	0	- 49
Net gains (loss) on disposal of other assets	6	5	
Net income before tax	**947**	**457**	**359**
Corporate income tax	- 329	- 167	- 136
Net income	**618**	**290**	**223**
Non-controlling interests			
Net income attributable to the Group			

June 30, 2011 *(restated)*

	Retail banking	Insurance	Financing and capital markets
Net banking income	4,645	693	632
General operating expenses	- 2,858	- 188	- 143
Gross operating income	**1,787**	**505**	**489**
Net additions to/reversals from provisions for loan losses	- 459	- 39	- 46
Net gains (loss) on disposal of other assets	42	47	
Net income before tax	**1,371**	**513**	**443**
Corporate income tax	- 452	- 163	- 149
Net income	**919**	**350**	**293**
Non-controlling interests			
Net income attributable to the Group			

The disposal in the first half of 2012 of securities received as consideration for Greek sovereign debt securities and contributed to the exchange offer under the Private Sector Involvement (PSI) plan had a negative impact of €30 million in net provision allocations for loan losses, of which a €34 million negative impact at the holding company and €4 million positive impact in the capital markets activities.

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
248	72	243	- 289	5,831
- 167	- 17	- 586	289	- 3,780
81	**55**	**- 344**	**0**	**2,051**
0		- 63		- 568
7		- 63		- 46
88	**55**	**- 470**	**0**	**1,437**
- 21	1	131		- 521
67	**56**	**- 339**	**0**	**916**
				100
				815

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
233	95	94	- 296	6,096
- 158	- 18	- 509	296	- 3,579
75	**77**	**- 415**	**0**	**2,518**
- 48		- 86		- 678
0		- 38		51
27	**77**	**- 540**	**0**	**1,891**
- 6		145		- 625
21	**77**	**- 395**	**0**	**1,266**
				135
				1,131

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

	June 30, 2012		
	France	Europe excluding France	Rest of the world *
Net banking income	4,839	914	78
General operating expenses	- 3,099	- 647	- 34
Gross operating income	**1,740**	**267**	**44**
Net additions to/reversals from provisions for loan losses	- 358	- 181	- 30
Net gains (loss) on disposal of other assets **	- 53	- 9	17
Net income before tax	**1,329**	**77**	**31**
Net income	841	60	15
Net income attributable to the Group	**769**	**31**	**15**

* USA, Singapore, Tunisia and Morocco.
** Inclunding net income of associates and impairment losses on goodwill.

Note 3 Scope of consolidation

CM10-CIC became CM11-CIC on January 1, 2012 when it was joined by the Caisse Fédérale de Crédit Mutuel de la Fédération du Crédit Mutuel Anjou. In accordance with the French Banking Comissions recommendation, the parent company is composed of the companies included into the consolidation scope. The consolidating entity is made up of :
– Fédération du Crédit Mutuel Centre Est Europe (FCMCEE),
– Fédération du Crédit Mutuel du Sud-Est (FCMSE),
– Fédération du Crédit Mutuel d'Ile-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-Vivarais (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 Ile-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 Loire-Atlantique (CRCMLACO),
– Caisse Régionale du Crédit Mutuel Centre (CRCMC),
– Caisse Régionale du Crédit Mutuel Dauphiné-Vivarais (CRCMDV),
– Caisse Régionale du Crédit Mutuel Méditerranée (CRCMM),
– Caisse Régionale du Crédit Mutuel Normandie (CRCMN),
– Caisse Régionale du Crédit Mutuel Anjou (CRMA)
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Centre Est Europe,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Sud-Est,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Ile-de-France,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel de Savoie-Mont Blanc,

	June 30, 2011 *(restated)*			
Total	France	Europe excluding France	Rest of the world *	Total
5,831	4,969	979	148	6,096
- 3,780	- 2,901	- 647	- 31	- 3,579
2,051	**2,068**	**322**	**117**	**2,518**
- 568	- 374	- 260	- 44	- 678
- 46	18	19	15	51
1,437	**1,711**	**91**	**89**	**1,891**
916	1,129	71	66	1,266
815	**1,023**	**46**	**62**	**1,131**

– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Midi-Atlantique,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Loire-Atlantique,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Centre,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Dauphiné-Vivarais,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Méditerranée,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Normandie,
– Caisses de Crédit Mutuel adhérentes à la Fédération du Crédit Mutuel Anjou.

The changes in the consolidations scope compared to December 31,2011 are as follows:

- additions to the scope of consolidation: Caisses Crédit Mutuel Anjou, Caisse Régionale Anjou, Fédération Anjou, BECM Monaco, GEIE Synergie
- mergers, acquisitions : CMCIC Laviolette Financement with Factocic who changed of name and became CMCIC Factor, Euro Protection Service with Euro Protection Surveillance, Cime et Mag with les Editions de l'Echiquier, RL Voyage with GRLC, Société d'édition des hebdomadaires et périodiques locaux with EBRA
- removals from the scope of consolidation: Société Alsacienne de Presse et d'Audiovisuelle

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
A. Banking network						
Banque Européenne du Crédit Mutuel (former Banque de l'Economie du Commerce et de la Monétique)	100	99	FC	100	99	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	99	FC	100	99	FC
Caisse Agricole du Crédit Mutuel	100	100	FC	100	100	FC
Crédit Industriel et Commercial (CIC)	94	93	FC	94	93	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
Targobank AG & Co. KGaA	100	99	FC	100	99	FC
Targobank Espagne	50	50	PC	50	49	PC
B. Subsidiaries of banking network						
Banca Popolare di Milano	7	7	EM	7	6	EM
Bancas	50	50	PC			NC
Banco Popular Español *(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 Européenne du Crédit Mutuel Monaco	100	99	FC	0	0	NC
Banque Marocaine du Commerce Exterieur (BMCE)	25	24	EM	25	24	EM
Caisse Centrale du Crédit Mutuel	53	53	EM	49	49	EM
Cartes et crédits à la consommation (former C2C)	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 (former Factocic)	100	91	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 Argentine	66	28	FC	66	28	FC
Cofidis Belgique	100	42	FC	100	42	FC
Cofidis France	100	42	FC	100	42	FC
Cofidis Italie	100	42	FC	100	42	FC
Cofidis République Tchèque	100	42	FC	100	42	FC
Cofidis Slovaquie	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 Tréflière	100	100	FC	100	99	FC
Sofim	100	93	FC	100	93	FC
SOFEMO - Société Fédérative Europ.de Monétique 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

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
C. Financing and capital markets banks						
Banque Fédérative du Crédit 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	95	FC	100	94	FC
Divhold	100	95	FC	100	94	FC
Ventadour Investissement	100	99	FC	100	99	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	58	EM	45	58	EM
Banque de Luxembourg	100	95	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 Suisse	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	100	93	FC	100	93	FC
Pasche International Holding Ltd	100	93	FC	100	93	FC
Pasche SA Montevideo	100	93	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	50	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 (Shanghaï)	100	93	FC	100	93	FC
Serficom Maroc SARL	100	93	FC	100	93	FC
Transatlantique Gestion	100	93	FC	100	93	FC
Valeroso Management Ltd	100	93	FC	100	93	FC
E. Private equity						
CM-CIC 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
CM-CIC Investissement	100	93	FC	100	93	FC
Sudinnova	66	62	FC	66	61	FC
F. Logistics and holding company						
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

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
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
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 – GRLC	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
NRJ Mobile	95	75	FC	95	74	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'Edition 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
Ufigestion 2	100	93	FC	100	93	FC
Ugépar Service	100	93	FC	100	93	FC
Valimar 2	100	93	FC	100	93	FC
Valimar 4	100	93	FC	100	93	FC
VTP 1	100	93	FC	100	93	FC
VTP 5	100	93	FC	100	93	FC
G. Insurance companies						
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 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
Astree	30	26	EM	30	25	EM
Atlancourtage	100	86	FC	100	84	FC
Groupe des Assurances du Crédit Mutuel (GACM)	88	86	FC	86	84	FC
ICM Life	100	86	FC	100	84	FC
Immobilière 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

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
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 Mediacion	90	76	FC	90	74	FC
H. Other companies						
Affiches d'Alsace Lorraine	100	89	FC	100	88	FC
Agence Générale d'informations régionales	100	97	FC	100	95	FC
Alsace Média Participation	100	89	FC	100	88	FC
Alsatic	80	71	FC	80	70	FC
Alsacienne de Portage des DNA	100	89	FC	100	88	FC
A. Télé	69	49	FC	69	48	FC
Cime & mag			MER	100	97	FC
CM-CIC Immobilier	99	99	FC	99	99	FC
Dernières Nouvelles d'Alsace	99	89	FC	99	88	FC
Dernières Nouvelles de Colmar	100	89	FC	100	88	FC
Distripub	100	98	FC	100	97	FC
Documents AP	100	99	FC	100	99	FC
Est imprimerie	100	96	FC	100	95	FC
Est Bourgogne Médias	100	99	FC	100	99	FC
Europe Régie	66	65	FC	66	64	FC
Fonciere Massena	100	86	FC	100	83	FC
France Régie	100	89	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	100	98	FC	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	100	91	FC	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 (ex SCI ADS)	100	86	FC	100	84	FC
SCI Alsace	90	88	FC	90	88	FC
SCI Ecriture	100	98	FC	100	97	FC

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method [1]	% Control	% Interest	Method [1]
SCI Gutenberg	100	99	FC	100	99	FC
SCI Le Progrès Confluence	100	99	FC	100	99	FC
SCI Roseau d'or	100	98	FC	100	97	FC
SDV Plurimédia	20	18	EM	20	18	EM
Société Alsacienne de Presse et d'Audiovisuelle			NC	60	53	FC
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	100	91	FC	100	95	FC
Société de Presse Investissement (SPI)	100	90	FC	100	89	FC
Top Est 88	100	91	FC	100	46	FC

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

Note 4 Cash, central banks

Note 4a Loans and receivables due from credit institutions

	June 30, 2012	December 31, 2011
Cash and amounts due from central banks		
Due from central banks	4,234	5,431
– including reserve requirements	*1,765*	*1,898*
Cash	908	875
Total	**5,143**	**6,307**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	21,025	19,186
Other current accounts	1,930	1,820
Loans	13,987	7,105
Other receivables	2,844	4,451
Securities not listed in an active market	2,773	3,672
Repurchase agreements	2,510	1,141
Individually impaired receivables	1,062	1,099
Accrued interest	276	439
Impairment provisions	- 316	- 310
Total	**46,091**	**38,603**

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

Note 4b Amounts due to credit institutions

	June 30, 2012	December 31, 2011
Due to central banks	**360**	**282**
Due to credit institutions		
Other current accounts	1,935	1,477
Borrowings	27,249	27,597
Other	1,780	4,692
Repurchase agreements	2,853	2,573
Accrued interest	118	83
Total	**34,294**	**36,704**

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

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

	June 30, 2012			December 31, 2011		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	17,189	16,459	33,648	13,860	14,745	28,605
– Government securities	*986*	*1*	*987*	*1,409*	*24*	*1,433*
– Bonds and other fixed-income securities	*14,947*	*3,543*	*18,490*	*11,977*	*3,172*	*15,149*
Listed	*14,947*	*2,851*	*17,798*	*11,977*	*3,083*	*15,060*
Unlisted	*0*	*692*	*692*	*0*	*88*	*88*
– Equities and other variable-income securities	*1,256*	*12,915*	*14,171*	*473*	*11,550*	*12,023*
Listed	*1,256*	*11,146*	*12,402*	*473*	*9,822*	*10,295*
Unlisted	*0*	*1,769*	*1,769*	*0*	*1,728*	*1,728*
Trading derivative instruments	2,089	0	2,089	2,359	0	2,359
Other financial assets		8,437	8,437		7,100	7,100
including resale agreements		*8,435*	*8,435*		*7,096*	*7,096*
Total	**19,278**	**24,896**	**44,174**	**16,219**	**21,845**	**38,063**

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

	June 30, 2012	December 31, 2011
Financial liabilities held for trading	6,765	6,642
Financial liabilities at fair value by option through profit or loss	23,743	24,367
Total	**30,508**	**31,009**

◆ Financial liabilities held for trading

	June 30, 2012	December 31, 2011
Short selling of securities	1,015	1,087
– Government securities	*1*	*0*
– Bonds and other fixed-income securities	*434*	*641*
– Equities and other variable-income securities	*581*	*447*
Trading derivative instruments	*4,784*	*4,752*
Other financial liabilities held for trading	966	802
Total	**6,765**	**6,642**

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

	June 30, 2012			December 31, 2011		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	126	126	0	60	60	0
Interbank liabilities	23,323	23,319	4	23,691	23,679	12
Due to customers	294	294	0	615	615	0
Total	**23,743**	**23,739**	**4**	**24,367**	**24,354**	**13**

Note 5c Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	68,750	1,074	1,616	71,440
– Government and similar securities – AFS	*14,355*	*96*	*0*	*14,451*
– Bonds and other fixed-income securities – AFS	*47,848*	*855*	*495*	*49,198*
– Equities and other variable-income securities – AFS	*5,554*	*0*	*142*	*5,696*
– Investments in non-consolidated companies and other LT investments – AFS	*960*	*10*	*652*	*1,622*
– Investments in associates – AFS	*34*	*113*	*327*	*474*
Held for trading/Fair value option (FVO)	23,418	17,294	3,462	44,174
– Government and similar securities – Held for trading	*691*	*295*	*0*	*986*
– Government and similar securities – FVO	*1*	*0*	*0*	*1*
– Bonds and other fixed-income securities – Held for trading	*8,922*	*5,038*	*987*	*14,947*
– Bonds and other fixed-income securities – FVO	*2,310*	*1,231*	*2*	*3,543*
– Equities and other variable-income securities – Held for trading	*1,242*	*0*	*14*	*1,256*
– Equities and other variable-income securities – FVO	*10,667*	*432*	*1,816*	*12,915*
– Loans and receivables due from credit institutions – FVO	*0*	*4,475*	*0*	*4,475*
– Loans and receivables due from customers – FVO	*0*	*3,962*	*0*	*3,962*
– Derivative instruments and other financial assets – Held for trading	*16*	*1,861*	*212*	*2,089*
Hedging derivative instruments	0	1,105	0	1,105
Total	**92,600**	**19,473**	**4,647**	**116,720**

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading/Fair value option (FVO)	1,987	28,389	132	30,508
– Due to credit institutions – FVO	*0*	*23,323*	*0*	*23,323*
– Due to customers – FVO	*0*	*294*	*0*	*294*
– Debt securities – FVO	*0*	*126*	*0*	*126*
– Subordinated debt – FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities – Held for trading	*1,987*	*4,646*	*132*	*6,765*
Hedging derivative instruments	0	2,658	1,031	3,689
Total	**1,987**	**31,047**	**1,163**	**34,197**

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS 7:
– Level 1 instruments: valued using stock market prices. In the case of capital 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.

Note 6 Hedging

Note 6a Hedging derivative instruments

	June 30, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	7	51	5	44
Fair value hedges (change in value recognized through profit or loss)	1,098	3,638	929	3,879
Total	**1,105**	**3,689**	**935**	**3,923**

Fair value hedging is a hedge against changes in the fair value of a financial instrument attributable to a particular risk.
Changes in fair value hedging as well as the part attributable to the hedged risk, are recognised in the income statement.

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

	Fair value June 30, 2012	Fair value December 31, 2011	Change in fair value
Fair value of interest-rate by investment category			
Financial assets	800	738	62
Financial liabilities	- 3,254	- 2,813	- 442

Note 6c Analysis of derivative instruments

	June 30, 2012			December 31, 2011		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– *Swaps*	*381,124*	*1,390*	*4,064*	*360,202*	*1,362*	*3,952*
– *Other forward contracts*	*6,540*	*5*	*0*	*8,394*	*4*	*1*
– *Options and conditional transactions*	*25,970*	*121*	*204*	*32,039*	*117*	*121*
Foreign exchange derivative instruments						
– *Swaps*	*82,653*	*21*	*79*	*84,374*	*41*	*77*
– *Other forward contracts*	*13,474*	*113*	*90*	*17,422*	*172*	*116*
– *Options and conditional transactions*	*22,827*	*111*	*112*	*17,493*	*195*	*195*
Derivative instruments other than interest-rate and foreign exchange						
– *Swaps*	*13,256*	*252*	*159*	*16,567*	*374*	*242*
– *Other forward contracts*	*2,145*	*0*	*0*	*1,951*	*0*	*0*
– *Options and conditional transactions*	*1,626*	*76*	*76*	*788*	*95*	*48*
Sub-total	**549,615**	**2,089**	**4,784**	**539,229**	**2,359**	**4,752**
Hedging derivative instruments						
Fair value hedges						
– *Swaps*	*72,981*	*1,098*	*3,638*	*74,351*	*929*	*3,879*
– *Options and conditional transactions*	*5*	*0*	*0*	*5*	*0*	*0*
Cash flow hedges						
– *Swaps*	*162*	*7*	*47*	*157*	*4*	*39*
– *Other forward contracts*	*0*	*0*	*3*	*0*	*0*	*4*
– *Options and conditional transactions*	*0*	*0*	*0*	*0*	*1*	*0*
Sub-total	**73,147**	**1,105**	**3,689**	**74,513**	**935**	**3,923**
Total	**622,762**	**3,194**	**8,473**	**613,743**	**3,294**	**8,675**

Note 7 Available-for-sale financial assets

Note 7a Available-for-sale financial assets

	June 30, 2012	December 31, 2011
Government securities	14,266	15,148
Bonds and other fixed-income securities	49,114	48,959
– Listed	*48,423*	*48,237*
– Unlisted	*691*	*723*
Equities and other variable-income securities	5,734	5,283
– Listed	*5,527*	*5,101*
– Unlisted	*207*	*182*
Long-term investments	2,058	2,244
– Investments in non-consolidated companies	*1,352*	*1,529*
– Other long-term investments	*266*	*277*
– Investments in associates	*436*	*435*
– Securities lent	*4*	*3*
Accrued interest	268	322
Total	**71,440**	**71,956**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 800*	*- 1,314*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*477*	*385*
Including impairment of bonds and other fixed-income securities	*- 101*	*- 713*
Including impairment of equities and other variable-income securities and long-term investments	*- 2,374*	*- 2,286*

Note 7b Exposure to sovereign risks

The securities issued by the Greek government were contributed to the Private Sector Involvement (PSI) plan exchange offer. The securities received as consideration were sold in the market. As of June 30, 2012, the Group has no more exposure to Greek sovereign debt. This transaction resulted in a €30 million loss recognized under net provision allocations for loan losses.

The Irish and Portuguese governments received financial support under a plan implemented by the European Union and the International Monetary Fund, since their budget deterioration and the markets' lack of confidence prevented them from raising the funds needed to finance themselves. Currently, the projected recovery of the debt of these two States does not appear to be in doubt and therefore does not require an impairment charge.

Countries benefiting from a support plan

	June 30, 2012		December 31, 2011	
Net exposure	**Portugal**	**Ireland**	**Portugal**	**Ireland**
Financial assets at fair value through profit or loss	48		50	
Available-for-sale financial assets	80	102	104	99
Held-to-maturity financial assets				
Total	**128**	**102**	**154**	**99**

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

Other sovereign risk in the banking portfolio

	June 30, 2012		December 31, 2011	
Net exposure	**Spain**	**Italy**	**Spain**	**Italy**
Financial assets at fair value through profit or loss	108	69	131	99
Available-for-sale financial assets	106	4,607	130	4,396
Held-to-maturity financial assets				
Total	**214**	**4,676**	**261**	**4,495**

Capital market activities in market value, others business lines in nominal value. Oustanding are presented net of CDS.

Note 8 Customers

Note 8a Loans and receivables due from customers

	June 30, 2012	December 31, 2011
Performing loans	256,346	251,674
Commercial loans	5,034	5,158
Other customer loans	250,414	245,553
– Home loans	*139,892*	*137,216*
– Other loans and receivables, including resale agreements	*110,522*	*108,337*
Accrued interest	611	592
Securities not listed in an active market	286	371
Insurance and reinsurance receivables	195	167
Individually impaired receivables	11,112	11,154
Gross receivables	**267,653**	**262,995**
Individual impairment	- 6,793	- 6,896
Collective impairment	- 575	- 526
Sub-total I	**260,285**	**255,573**
Finance leases (net investment)	8,664	8,475
Furniture and movable equipment	5,406	5,315
Real estate	3,082	2,979
Individually impaired receivables	176	181
Provisions for impairment	- 137	- 142
Sub-total II	**8,527**	**8,333**
Total	**268,812**	**263,906**
of which non-voting loan stock	*12*	*10*
of which subordinated notes	*20*	*22*

◆ Finance leases with customers

	December 31, 2011	Acquisition	Sale	Other	June 30, 2012
Gross carrying amount	8,475	772	- 543	- 40	8,664
Impairment of irrecoverable rent	- 142	- 16	21	0	- 137
Net carrying amount	**8,333**	**756**	**- 522**	**- 40**	**8,527**

Note 8b Amounts due to customers

	June 30, 2012	December 31, 2011
Regulated savings accounts	87,800	81,566
– demand	*62,188*	*56,408*
– term	*25,611*	*25,159*
Accrued interest on savings accounts	1,027	44
Sub-total	**88,827**	**81,610**
Demand deposits	58,233	59,368
Term accounts and loans	59,308	58,211
Repurchase agreements	276	151
Accrued interest	692	662
Insurance and reinsurance payables	180	84
Sub-total	**118,679**	**118,476**
Total	**207,506**	**200,086**

Note 9 Held-to-maturity financial assets

	June 30, 2012	December 31, 2011
Securities	13,397	16,195
– Government securities	*0*	*97*
– Bonds and other fixed-income securities	*13,397*	*16,098*
Listed	*13,332*	*11,178*
Unlisted	*65*	*4,920*
– Accrued interest	*15*	*13*
Gross total	**13,411**	**16,208**
Of which impaired assets	*25*	*121*
Provisions for impairment	- 13	- 87
Net total	**13,398**	**16,121**

Note 10 Movements in provisions for impairment

	December 31, 2011	Additions	Reversals	Other	June 30, 2012
Loans and receivables due from credit institutions	- 310	- 21	23	4	- 316
Loans and receivables due from customers	- 7,564	- 778	876	- 38	- 7,505
Available-for-sale securities	- 2,999	- 147	653	18	- 2,475
Held-to-maturity securities	- 87	0	74	0	- 13
Total	**- 10,960**	**- 946**	**1,626**	**- 28**	**- 10,309**

Note 11 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	June 30, 2012	December 31, 2011
	Carrying amount	Carrying amount
RMBS	2,855	3,985
CMBS	369	366
CLO	1,107	1,543
Other ABS	616	897
CLO covered by CDS	701	721
Other ABS covered by CDS	26	28
Liquidity facilities	321	351
Total	**5,994**	**7,890**

Unless otherwise stated, securities are not covered by CDS.

Exposures at June 30, 2012	RMBS	CMBS	CLO	Other ABS	Total
Trading	958	298		387	1,643
AFS	668	72	185	88	1,012
Loans	1,228		922	141	2,291
Total	**2,855**	**369**	**1,107**	**616**	**4,947**
France	3	2		366	371
Spain	112		5	102	220
United Kingdom	436	17		51	504
Europe excluding France, Spain and United Kingdom	792	65	686	71	1,615
USA	1,395	278	415	26	2,115
Rest of the world	116	6			123
Total	**2,855**	**369**	**1,107**	**616**	**4,947**
US Agencies	491				491
AAA	614	269	295	318	1,496
AA	513	17	717	145	1,393
A	125	79	62	88	354
BBB	72		14	15	101
BB	156		18	21	195
B or below	884	4		30	918
Not rated					0
Total	**2,855**	**369**	**1,107**	**616**	**4,947**

Exposures at June 30, 2012	RMBS	CMBS	CLO	Other ABS	Total
Origination 2005 and before	560	130	3	43	735
Origination 2006	655	94	359	59	1,168
Origination 2007	931	140	414	76	1,561
Origination after 2008	707	6	331	438	1,483
Total	**2,855**	**369**	**1,107**	**616**	**4,947**

Exposures at December 31, 2011	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,173	353	26	366	1,918
AFS	966	13	192	227	1,399
Loans	1,845	0	1,325	304	3,474
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
France	14	2	0	354	369
Spain	305	0	20	206	531
United Kingdom	413	30	0	52	496
Europe excluding France, Spain and United Kingdom	1,306	0	694	144	2,144
USA	1,795	320	828	121	3,064
Rest of the world	151	13	0	21	186
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
US Agencies	521	0	0	0	521
AAA	1,560	303	716	421	3,001
AA	187	30	737	107	1,062
A	242	23	51	98	413
BBB	145	2	26	121	294
BB	119	0	12	20	151
B or below	1,211	8	0	131	1,350
Not rated	0	0	0	0	0
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
Origination 2005 and before	943	28	39	207	1,217
Origination 2006	1,153	119	595	112	1,979
Origination 2007	1,125	174	550	183	2,032
Origination after 2008	764	45	358	396	1,563
Total	**3,985**	**366**	**1,543**	**897**	**6,791**

Note 12 Corporate income tax

Note 12a Current income tax

	June 30, 2012	December 31, 2011
Asset (by income)	1,226	1,607
Liability (by income)	657	561

Note 12b Deferred income tax

	June 30, 2012	December 31, 2011
Asset (by income)	984	950
Asset (by shareholders' equity)	618	805
Liability (by income)	645	645
Liability (by shareholders' equity)	297	197

Note 13 Accruals and other assets and liabilities

Note 13a Accruals and other assets

	June 30, 2012	December 31, 2011
Accruals assets		
Collection accounts	578	604
Currency adjustment accounts	271	334
Accrued income	475	513
Other accruals	2,010	1,911
Sub-total	**3,334**	**3,362**
Other assets		
Securities settlement accounts	146	111
Guarantee deposits paid	8,563	7,646
Miscellaneous receivables	5,946	5,760
Inventories	37	42
Other	15	13
Sub-total	**14,708**	**13,571**
Other insurance assets		
Technical provisions, reinsurers' share	254	255
Other	91	84
Sub-total	**345**	**339**
Total	**18,387**	**17,272**

Note 13b Accruals and other liabilities

	June 30, 2012	December 31, 2011
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	526	453
Currency adjustment accounts	190	349
Accrued expenses	1,036	874
Deferred income	1,642	1,623
Other accruals	6,237	2,514
Sub-total	**9,631**	**5,814**
Other liabilities		
Securities settlement accounts	119	84
Outstanding amounts payable on securities	105	53
Other payables	4,384	3,929
Sub-total	**4,608**	**4,066**
Other insurance liabilities		
Deposits and guarantees received	157	150
Sub-total	**157**	**150**
Total	**14,396**	**10,030**

Note 14 Equity-accounted investments

Equity value and share of net income (loss)

		Percent interest
ACM Nord	Unlisted	49.00%
ASTREE Assurance	Listed	30.00%
Banca Popolare di Milano [1]	Listed	6.99%
Banque de Tunisie	Listed	20.00%
Banque Marocaine du Commerce Extérieur	Listed	24.64%
Banco Popular Español	Listed	4.49%
CCCM	Unlisted	52.55%
RMA Watanya	Unlisted	22.02%
Royal Automobile-Club de Catalogne	Unlisted	48.99%
Other	Unlisted	
Total		

1. During the period under review, the Group recognized as income its share of BPM's net income.
BPM recorded a substantial net loss in the fourth quarter of 2011 and this loss was announced following the close of the 2011 financial statements such that it is recognized in the first-half 2012 income statement.

June 30, 2012 Investment value	Share of net income (loss)	Percent interest	December 31, 2011 Investment value	Share of net income (loss)
17	1	49.00%	19	3
18	1	30.00%	18	- 1
160	- 23	6.99%	196	- 31
50	3	20.00%	52	6
842	12	24.64%	831	21
377	- 60	5.03%	388	15
211	5	49.46%	192	4
285	0	22.02%	298	16
62	2	48.99%	62	- 13
3	0		3	0
2,024	**- 58**		**2,059**	**21**

Note 15 Investment Property

	December 31, 2011	Additions	Disposals	Other movements	June 30 2012
Historical cost	1,121	173	- 9	3	1,287
Accumulated depreciation and impairment losses	- 212	- 24	1	12	- 222
Net amount	**909**	**149**	**- 8**	**15**	**1,065**

Note 16 Non-current assets

Note 16a Property, plant and equipment

	December 31, 2011	Additions	Disposals	Other movements	June 30 2012
Historical cost					
Land used in operations	449	1	- 5	1	446
Buildings used in operations	4,120	65	- 20	30	4,195
Other property and equipment	2,298	92	- 52	3	2,341
Total	**6,866**	**158**	**- 77**	**34**	**6,982**
Accumulated depreciation and impairment losses					
Land used in operations	- 3	0	0	0	- 3
Buildings used in operations	- 2,188	- 100	16	8	- 2,264
Other property and equipment	- 1,734	- 85	22	- 37	- 1,835
Total	**- 3,926**	**- 184**	**38**	**- 29**	**- 4,102**
Net amount	**2,940**	**- 26**	**- 39**	**5**	**2,880**

Note 16b Intangible assets

	December 31, 2011	Additions	Disposals	Other movements	June 30, 2012
Historical cost					
Internally developed intangible assets	15	0	- 1	0	15
Purchased intangible assets	1,670	25	- 12	0	1,684
– *sofware*	*476*	*4*	*- 8*	*0*	*471*
– *other*	*1,194*	*21*	*- 4*	*1*	*1,212*
Total	**1,685**	**25**	**- 13**	**0**	**1,698**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 682	- 72	10	- 2	*- 746*
– *software*	*- 248*	*- 32*	*9*	*1*	*- 271*
– *other*	*- 433*	*- 40*	*1*	*- 3*	*- 475*
Total	**- 682**	**- 72**	**10**	**- 2**	**- 746**
Net amount	**1,004**	**- 47**	**- 2**	**- 2**	**953**

Note 17 Goodwill

	December 31, 2011	Additions	Disposals	Other movements	June 30, 2012
Goodwill, gross [1]	4,480	0		1	4,481
Accumulated impairment losses	- 182		0	0	- 182
Goodwill net	**4,298**	**0**	**0**	**1**	**4,299**

1. Other movements result from €1 million change in currency rates.

Subsidiaries	Goodwill at December 31, 2011	Additions	Disposals	Impairment charges/ reversals	Other movements	Goodwill at June 30, 2012
TARGOBANK Allemagne	2,763					2,763
Crédit Industriel et Commercial (CIC)	497					497
Cofidis Participations	378					378
Targobank Espagne (former Banco Popular Hipotecario)	183					183
NRJ Mobile	78					78
CIC Private Banking – Banque Pasche	52				1	53
Banque Casino	27					27
CM-CIC Investissement	21					21
Monabanq	17					17
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other	242					242
Total	**4,298**	**0**	**0**	**0**	**1**	**4,299**

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:

– verifying that the price used for the most recent transaction is above the carrying amount, or
– verifying that the valuation assumptions at the acquisition date are still valid.

Note 18 Debt securities

	June 30, 2012	December 31, 2011
Retail certificates of deposit	833	744
Interbank instruments and money market securities	45,055	46,601
Bonds	42,764	38,755
Accrued interest	1,039	1,128
Total	**89,691**	**87,227**

Note 19 Insurance companies' technical provisions

	June 30, 2012	December 31, 2011
Life	59,912	57,542
Non-life	2,140	2,084
Unit of account	6,106	6,135
Other	239	199
Total	**68,397**	**65,960**
Of which deferred profit-sharing liability	*2,702*	*1,838*
Reinsurers' share of technical reserves	254	255
Total net technical provisions	**68,143**	**65,705**

Note 20 Provisions

	December 31, 2011	Additions	Reversals provisions used	Reversals provisions not used	Other movements	June 30, 2012
Provisions for risks	**395**	**39**	**- 24**	**- 37**	**2**	**374**
Signature commitments	139	25	- 4	- 31	20	149
Financing and guarantee commitments	0	0	0	0	0	0
On country risks	18	0	0	0	0	18
Provision for taxes	65	6	- 16	0	- 1	54
Provisions for claims and litigation	147	4	- 2	- 4	- 18	127
Provision for risks on miscellaneous receivables	26	4	- 2	- 2	1	26
Other provisions	**748**	**46**	**- 33**	**- 40**	**4**	**725**
Provisions for home savings accounts and plans	105	0	- 11	- 13	2	83
Provisions for miscellaneous contingencies	365	45	- 23	- 5	1	383
Other provisions	278	1	1	- 22	1	259
Provisions for retirement benefits	**604**	**50**	**- 4**	**0**	**- 1**	**648**

	December 31, 2011	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	June 30, 2012
Retirement benefits defined benefit and equivalent, excluding pension funds						
– Retirement bonuses *	*407*	*45*	*- 1*	*0*	*- 3*	*447*
– Supplementary retirement benefits	*103*	*5*	*- 3*	*0*	*- 1*	*104*
Long service awards (other long-term benefits)	82	0	0	0	0	82
Sub-total to statement of financial position	**592**	**50**	**- 4**	**0**	**- 4**	**634**
Supplementary retirement benefit defined benefit, provided by Group's pension funds						
Provisions for pension fund shortfalls *Fair value of plan assets*	11	0	0	0	2	13
Sub-total to statement of financial position	**11**	**0**	**0**	**0**	**2**	**13**
Total	**1,747**	**135**	**- 61**	**- 77**	**4**	**1,747**

* A total charge of €63 million was recognized during the year for termination benefits following the updating of the discount rate (IBOXX).

Note 21 Subordinated debt

	June 30, 2012	December 31, 2011
Subordinated notes	4,812	4,947
Non-voting loan stock	34	39
Perpetual subordinated notes	1,463	1,463
Other debt	3	19
Accrued interest	229	96
Total	**6,542**	**6,563**

Main subordinated debt issues

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

1. Amounts net of intra-Group balances.
2. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
3. Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
4. 10-year CMSISDA CIC + 10 basis points.
5. 10-year CMSISDA + 10 basis points.
6. Fixed-rate 4.471 until October 10, 2015 and thereafter 3-month Euribor + 185 basis points.

Note 22 Sharholders' equity

Note 22a Shareholders' equity, Group share (excluding unrealized or deferred gains or losses)

	June 30, 2012	December 31, 2011
Capital stock and additional paid-in capital and reserves	5,943	5,596
– Capital	*5,943*	*5,596*
Consolidated reserves	19,662	17,961
– Regulated reserves	*7*	*7*
– Translation reserve	*0*	*20*
– Other reserves (including effects related to first application of standards)	*19,549*	*17,896*
– Retained earnings	*106*	*38*
Net income	815	1,638
Total	**26,420**	**25,195**

Issue date	Amount issued	Amount at year end [1]	Rate	Maturity
July 19, 2001	€700m	€591m	6.5	July 19, 2013
Sept. 30, 2003	€800m	€791m	5.0	Sept. 30, 2015
Dec. 18, 2007	€300m	€300m	5.1	Dec. 18, 2015
June 16, 2008	€300m	€300m	5.5	June 16, 2016
Dec. 16, 2008	€500m	€500m	6.1	Dec. 16, 2016
Dec. 6, 2011	€1,000m	€1,000m	5.3	Dec. 6, 2018
Oct. 22, 2010	€1,000m	€926m	4.0	Oct. 22, 2020
May 28, 1985	€137m	€18m	[2]	[3]
Dec. 15, 2004	€750m	€749m	[4]	Perpetual
Feb. 25, 2005	€250m	€250m	[5]	Perpetual
April 28, 2005	€404m	€390m	[6]	Perpetual

◆ Share capital of the Caisses de Crédit Mutuel

The Caisses de Crédit Mutuel have a share capital consisting of:
– unassignable "Parts A" type shares,
– marketable "Parts B" type shares,
– "Parts P" type priority interest-bearing shares.

"Parts B" may only be subscribed by members holding at least one "Part A". The articles of association of the local Caisses limit the subcription of "Parts B" per member to 50,000 euros (with the exception of the reinvestment of dividends paid in "Parts B"). The capital may not be less, following the withdrawal of contributions, than one quarter of the highest amount reached by the capital in the past. If this l imit were to be reached, the reimbursement of the shares would be suspended. The "Parts B" repurchase system differs according to whether they were subscribed before or after December 31, 1988 – shares subscribed before December 31, 1988 may be reimbursed at the member's request for the January 1, of each year. This reimbursement, which takes place subject to compl iance with the regulations concerning the reduction of the capital, is subject to at least 3 months' notice; – shares subscribed af ter January 1, 1989 may be reimbursed at the member's request with 5 years' notice, except in the event of marriage, death or unemployment. These operations are also subject to compl iance with the regulations concerning the reduction of the capital. The Caisse may, af ter a decision by the Board of Directors and in agreement with the Supervisory Board, and in the same conditions, reimburse all or a part of the shares in this category. Moreover, the Caisse régional du Crédit Mutuel de Normandie and the Caisse Crédit Mutuel "Cautionnement Mutuel de l'Habitat", a mutual loan security company, has been issuing priority interest-bearig shares known as "Parts P" since 1999. The subscription of "Parts P" is reserved for the distributors of secured loans outside the CM11 Group.

At June 30, 2011, the capital of the Caisses de Crédit Mutuel broke down as follows:
– 177.9 million euros of "Parts A" type shares, as against 175.8 million euros on December 31, 2011,
– 5,725.4 million euros of "Parts B" type shares, as against 5,372.9 million euros on December 31, 2011,
– 39.9 million euros of "Parts P" type shares, as against 47.4 million euros on December 31, 2011.

Note 22b Unrealized or deferred gains and losses

	June 30, 2012	December 31, 2011
Unrealized or deferred gains and losses * relating to:		
Available-for-sale financial assets		
– Equities	*488*	*385*
– Bonds	*- 800*	*- 1,314*
Cash flow hedges	- 110	- 105
Translation adjustments	- 11	0
Share of unrealized or deferred gains/losses of companies accounted for by the equity method	21	28
Total	**- 412**	**- 1,006**
Attributable to the Group	*- 410*	*- 946*
Non-controlling interests	- 2	- 60

* Net of tax.

Note 22c Recycling of gains and losses recognized directly in equity

	Movements 2012	Movements 2011
Translation adjustements		
Reclassification in income	0	0
Other movements	- 11	- 5
Sub-total	**- 11**	**- 5**
Remeasurement of available-for-sale financial assets		
Reclassification in income	- 152	143
Other movements	769	- 908
Sub-total	**617**	**- 766**
Remeasurement of hedging derivative instruments		
Reclassification in income	- 2	0
Other movements	- 3	- 16
Sub-total	**- 5**	**- 16**
Share of unrealized or deferred gains and losses of associates	- 7	- 18
Total	**594**	**- 805**

Note 22d Tax on components of gains and losses recognized directly in equity

	Movements 2012			Movements 2011		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	- 11	0	- 11	- 5	0	- 5
Remeasurement of available-for-sale financial assets	805	- 188	617	- 1,129	363	- 766
Remeasurement of hedging derivative instruments	- 6	0	- 5	- 19	2	- 16
Share of unrealized or deferred gains and losses of associates	- 7	0	- 7	- 18	0	- 18
Total gains and losses recognized directly in shareholders' equity	**782**	**- 188**	**594**	**- 1,170**	**366**	**- 805**

Note 23 Commitments given and received

Commitments given

	June 30, 2012	December 31, 2011
Financing commitments		
To credit institutions	1,718	1,626
To customers	49,975	52,107
Guarantee commitments		
To credit institutions	2,146	2,265
To customers	12,684	13,677
Commitments on securities		
Other commitments given	981	440
Commitments given by insurance business line	**291**	**316**

Commitments received

	June 30, 2012	December 31, 2011
Financing commitments		
From credit institutions	23,952	20,665
From customers	0	0
Guarantee commitments		
From credit institutions	30,114	30,925
From customers	7,352	7,487
Commitments received on securities		
Other commitments received	901	31
Commitments received by insurance business line	**7,108**	**6,751**

Assets pledged as collateral for liabilities

	June 30, 2012	December 31, 2011
Loaned securities	4	5
Security deposits on market transactions	8,563	7,646
Securities sold under repurchase agreements	26,047	26,758
Total	**34,614**	**34,409**

Note 24 Interest income, interest expense and equivalent

	1st Half 2012		1st Half 2011	
	Income	Expense	Income	Expense
Credit institutions and central banks	621	- 993	640	- 625
Customers	6,877	- 3,331	6,765	- 2,807
– of which finance leases and operating leases	*1,340*	*- 1,175*	*1,347*	*- 1,190*
Hedging derivative instruments	986	- 1,268	853	- 1,108
Available-for-sale financial assets	337		368	
Held-to-maturity financial assets	223		95	
Debt securities		- 1,110		- 1,003
Subordinated debt		- 32		- 75
Total	**9,043**	**- 6,733**	**8,721**	**- 5,618**

Note 25 Fees and commissions

	1st Half 2012		1st Half 2011	
	Income	Expense	Income	Expense
Credit institutions	7	- 2	7	- 2
Customers	574	- 9	614	- 10
Securities	350	- 25	404	- 31
– of which funds managed for third parties	*243*		*262*	
Derivative instruments	2	- 2	2	- 4
Foreign exchange	8	- 1	9	- 1
Financing and guarantee commitments	20	- 4	23	- 3
Services provided	812	- 388	854	- 453
Total	**1,774**	**- 430**	**1,914**	**- 474**

Note 26 Net gains (loss) on financial instruments at fair value through profit or loss

	1st Half 2012	1st Half 2011
Trading derivative instruments	700	240
Instruments designated under the fair value option [1]	115	47
Ineffective portion of hedging instruments	- 36	- 53
– Cash flow hedges	0	0
– Fair value hedges	- 36	- 53
Change in fair value of hedged items	*- 173*	*- 47*
Change in fair value of hedging items	*137*	*- 6*
Foreign exchange gains (losses)	20	23
Total changes in fair value	**798**	**258**

1. Of which €67 millions relating to the private equity business line.
Of the inefficiency in the first half of 2012, €58 million resulted from a change in the yield curve used during the first half, with the OIS yield curve used instead of the Euribor yield curve, to discount swaps collateralized by cash.

Note 27 Net gains (loss) on available-for-sale financial assets

	1st Half 2012			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		5	0	5
Equities and other variable-income securities	6	- 4	20	22
Long-term investments	40	39	19	99
Other	0	- 1	0	- 1
Total	**47**	**39**	**39**	**125**

	1st Half 2011			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		- 23	6	- 17
Equities and other variable-income securities	0	18	- 1	17
Long-term investments	69	11	1	81
Other	0	1	0	1
Total	**69**	**7**	**6**	**82**

Note 28 Other income and expense

	1st Half 2012	1st Half 2011
Income from other activities		
Insurance contracts	5,277	5,633
Investment property	0	0
– gains on disposals	*0*	*0*
Expenses rebilled	15	14
Other income	894	640
Sub-total	**6,186**	**6,287**
Expenses on other activities		
Insurance contracts	- 4,359	- 4,678
Investment property	- 12	- 9
– net movements in depreciation, amortization and impairment (based on the accounting method selected)	*- 11*	*- 9*
– losses on disposals	*- 561*	*- 387*
Other expenses	- 561	- 387
Sub-total	**- 4,932**	**- 5,074**
Other income and expense net	**1,254**	**1,213**

◆ Net income from the insurance business line

	1st Half 2012	1st Half 2011
Earned premiums	3,891	4,305
Claims and benefits expenses	- 3,146	- 2,853
Movements in provisions	- 1,227	- 1,841
Other technical and non-technical income and expense	39	37
Net investment income	1,361	1,308
Total	**918**	**955**

Note 29 General operating expenses

	1st Half 2012	1st Half 2011
Payroll costs	- 2,290	- 2,111
Other operating expenses	- 1,490	- 1,468
Total	**- 3,780**	**- 3,579**

Note 29a Payroll costs

	1st Half 2012	1st Half 2011
Salaries and wages	- 1,479	- 1,327
Social security contributions	- 570	- 539
Employee benefits	- 1	- 5
Incentive bonuses and profit-sharing	- 97	- 101
Payroll taxes	- 141	- 139
Other expenses	- 2	0
Total	**- 2,290**	**- 2,111**

◆ Number of employees

	1st Half 2012	1st Half 2011
Average number of employees		
Banking staff	40,218	38,233
Management	21,984	20,544
Total	**62,202**	**58,777**
Analysis by country		
France	51,713	48,623
Rest of the world	10,489	10,154
Total	**62,202**	**58,777**

Includes 283 employees of Targobank Spain and 86 employees of Banque Casino, consolidated using the proportional method.

	1st Half 2012	1st Half 2011
Number of employees at end of period *	**65,848**	**62,449**

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at June 30. In contrast, the consolidated average number of employees (full-time equivalent, or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

Note 29b Other operating expenses

	1st Half 2012	1st Half 2011
Taxes and duties	- 160	- 173
External services	- 1,055	- 1,020
Other miscellaneous expenses (transportation, travel, etc.)	- 30	- 29
Total	**- 1,245**	**- 1,222**

The 2012 amended French budget calls for an additional tax on systemic risk in the same amount as the systemic tax, or €40 million payable on August 31. It will represent an expense in the third quarter.

Note 29c Depreciation, amortization and impairment of property, equipment and intangible assets

	1st Half 2012	1st Half 2011
Depreciation and amortization	- 244	- 246
– property and equipment	*- 189*	*- 191*
– intangible assets	*- 56*	*- 55*
Impairment losses	0	0
– property and equipment	*0*	*0*
– intangible assets	*0*	*0*
Total	**- 245**	**- 246**

Note 30 Impairment and loan loss provisions

1st Half 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	- 21	23	- 1	0	0	1
Customers	- 753	741	- 384	- 182	54	- 524
– Finance leases	- 3	3	- 2	- 2	0	- 3
– Other customer items	- 750	737	- 382	- 181	54	- 521
Sub-total	**- 773**	**764**	**- 384**	**- 182**	**54**	**- 522**
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets [1]	- 1	409	- 461	- 23	21	- 55
Other	- 29	39	0	0	0	9
Total	**- 803**	**1,211**	**- 846**	**- 205**	**75**	**- 568**

1. Includes €30 millions related to the sale of Greek sovereign securities (see Note 7b).

1st Half 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	- 55	19	0	0	0	- 36
Customers	- 836	865	- 376	- 201	56	- 490
– Finance leases	- 10	4	- 1	- 1	0	- 9
– Other customer items	- 825	862	- 374	- 199	56	- 481
Sub-total	**- 890**	**884**	**- 376**	**- 201**	**56**	**- 526**
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets [1]	- 146	0	- 19	- 31	31	- 165
Other	- 34	47	0	0	0	13
Total	**- 1,070**	**932**	**- 395**	**- 231**	**87**	**- 678**

1. Includes €142 million impairment losses on Greek sovereign debt.

Note 31 Gains (losses) on other assets

	1st Half 2012	1st Half 2011
Property, equipment and intangible assets	11	52
– *Losses on disposals*	- 5	- 3
– *Gains on disposals*	16	55
Gains (loss) on consolidated securities sold	1	0
Total	**12**	**52**

Note 32 Change in value of goodwill

	1st Half 2012	1st Half 2011
Impairment of goodwill	0	0
Negative goodwill recognized in income	0	0
Total	**0**	**0**

Note 33 Corporate income tax

	1st Half 2012	1st Half 2011
Current taxes	- 550	- 605
Deferred taxes	25	- 22
Adjustments in respect of prior years	1	2
Total	**- 521**	**- 62**

Note 34 Related party transactions

Statement of financial position items relating to related party transactions

	June 30, 2012			December 31, 2011		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération nationale	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération nationale
Assets						
Loans, advances and securities						
– Loans and receivables due from credit institutions	*2,089*	*213*	*2,626*	*2,566*	*160*	*4,009*
– Loans and receivables due from customers	*0*	*0*	*22*	*0*	*0*	*44*
– Securities	*14*	*0*	*451*	*27*	*0*	*501*
Other assets	0	4	0	0	4	17,113
Total	**2,102**	**217**	**3,099**	**2,593**	**163**	**4,571**
Liabilities						
Deposits						
– Due to credit institutions	*4,322*	*3*	*3,367*	*3,745*	*0*	*2,615*
– Due to customers	*0*	*3*	*65*	*0*	*0*	*38*
Debt securities	115	0	896	139	0	864
Other liabilities	0	0	184	0	0	174
Total	**4,437**	**6**	**4,513**	**3,885**	**0**	**3,691**
Financing and guarantee commitments						
Financing commitments given	0	97	0	0	102	0
Guarantee commitments given	0	0	58	0	0	54
Financing commitments received	0	0	0	0	0	0
Guarantee commitments received	0	0	248	0	0	226

Income statement items relating to related party transactions

	1st Half 2012			1st Half 2011		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération nationale	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération nationale
Interest received	12	0	40	32	0	80
Interest paid	- 22	0	- 29	- 29	0	- 53
Fee and commissions received	0	0	4	0	0	10
Fee and commissions paid	0	0	0	0	0	- 2
Other income (expense)	27	2	- 20	17	0	- 49
General operating expenses	0	4	- 4	0	0	- 11
Total	**17**	**6**	**- 9**	**19**	**0**	**- 25**

The Confédération Nationale included Crédit Mutuel's regional federations not associated with the CM11-CIC Group.
In the case of companies consolidated using the proportiona method (Banque Casino et Targobank Spain) the amounts include the portion of intercompany transactions not eliminated on consolidation.

Report of the statutory auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the 2012 half-yearly financial information issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit conclusion on the condensed consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit conclusion on the condensed consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the condensed consolidated financial statements. This report also includes information relating to the specific verification of information in the group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Groupe CM11-CIC
Period from January 1 to June 30, 2012

Statutory Auditors' report
on the half-yearly financial information

Ladies and Gentlemen,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- our limited review of CM11-CIC Group's condensed half-year consolidated financial statements for the period from January 1 to June 30, 2012, as attached to this report; and;
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements have been prepared under the Board of Directors' responsibility. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists mainly in making enquiries of the senior executives responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain the same degree of assurance that the financial statements, taken as a whole, are free from material misstatements.

Based on our review, no significant irregularities have come to our attention that might cause us to believe that these condensed half-year consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union relating to interim financial information.

2. Specific verification

We also verified the information provided in the interim management report in respect of the condensed half-year consolidated financial statements subject to our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-year consolidated financial statements.

Paris-La Défense, July 31, 2012
French original signed by
The statutory auditors

KPMG Audit
department of KPMG S.A.

Jean-François Dandé

Ernst & Young et Autres

Isabelle Santenac

Audited Consolidated Financial Statements of the BFCM Group as of and for the Year Ended December 31, 2010

The financial statements are presented on the following pages.
IFRS consolidated financial statements of BFCM as of December 31, 2010.

Consolidated balance sheet

(in € millions)

◆ Assets

	Notes	December 31, 2010	December 31, 2009
Cash and amounts due from central banks	4a	6,543	8,054
Financial assets at fair value through profit or loss	5a, 5c	40,120	51,628
Derivatives used for hedging purposes	6a, 5c	134	1,710
Available-for-sale financial assets	7, 5c	68,041	67,448
Loans and receivables due from credit institutions	4a	65,415	105,547
Loans and receivables due from customers	8a	159,542	152,072
Remeasurement adjustment on interest-rate risk hedged portfolios	6b	580	522
Held-to-maturity financial assets	9	8,926	7,672
Current tax assets	13a	697	676
Deferred tax assets	13b	1,168	1,128
Accruals and other assets	14a	14,723	15,543
Equity-accounted investments	15	1,589	615
Investment property	16	791	1,059
Property, plant and equipment	17a	1,965	1,955
Intangible assets	17b	935	896
Goodwill	18	4,096	3,990
Total assets		**375,264**	**420,516**

Liabilities and shareholder's equity

	Notes	December 31, 2010	December 31, 2009
Due to central banks	4b	44	1,265
Financial liabilities at fair value through profit or loss	5b, 5c	34,194	47,839
Derivatives used for hedging purposes	6a, 5c, 6c	2,457	4,755
Due to credit institutions	4b	38,193	91,481
Due to customers	8b	116,325	105,649
Debt securities	19	94,646	86,969
Remeasurement adjustment on interest-rate risk hedged portfolios	6b	- 1,331	- 1,777
Current tax liabilities	13a	395	268
Deferred tax liabilities	13b	850	988
Accruals and other liabilities	14b	10,429	10,892
Technical reserves of insurance companies	20	55,442	51,004
Provisions	21	1,420	1,074
Subordinated debt	22	8,619	7,819
Shareholders' equity		**13,581**	**12,290**
Shareholders' equity – Group share		**10,430**	**9,409**
– Subscribed capital and issue premiums	*23a*	*1,880*	*1,880*
– Consolidated reserves	*23a*	*7,508*	*6,774*
– Unrealised or deferred gains and losses	*23c*	*- 363*	*- 53*
– Net income for the year		*1,405*	*808*
Shareholders' equity - Minority interests		**3,151**	**2,881**
Total liabilities and shareholders' equity		**375,264**	**420,516**

Consolidated income statement

(in € millions)

	Notes	2010	2009
Interest income	25	15,748	16,289
Interest expense	25	- 10,915	- 11,787
Commission income	26	3,098	2,965
Commission expense	26	- 843	- 850
Net gain (loss) on financial instruments at fair value through profit or loss	27	77	448
Net gain (loss) on available-for-sale financial assets	28	123	- 37
Income from other activities	29	11,248	9,740
Expenses on other activities	29	- 10,055	- 8,860
Net banking income		**8,481**	**7,908**
Operating expense	30a, 30b	- 4,613	- 4,211
Depreciation, amortization and provisions for non-current assets	30c	- 298	- 237
Gross operating income		**3,570**	**3,461**
Cost of risk	31	- 1,214	- 1,892
Operating income		**2,356**	**1,569**
Share of income/(loss) of affiliates	15	35	55
Gains or losses on other assets	32	8	3
Change in value of goodwill	33	- 45	- 124
Net income before tax		**2,355**	**1,504**
Income tax	34	- 604	- 475
Net income		**1,751**	**1,029**
Net income attributable to minority interests		346	221
Net income – Group share		**1,405**	**808**

Earnings per share (in €)*	35	53.93	31.02

* Basic and diluted earnings per share were identical

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

	Notes	2010	2009
Net income		**1,751**	**1,029**
Translation adjustments		0	- 23
Remeasurement of available-for-sale financial assets		- 300	1,263
Remeasurement of hedging derivative instruments		- 45	- 31
Remeasurement of non-current assets		0	0
Share of unrealized or deferred gains and losses of affiliates		21	6
Total gains and losses recognized directly in shareholders' equity	23c, 23d	**- 324**	**1,214**
Net income and gains and losses recognized directly in shareholders' equity		**1,426**	**2,243**
– including Group share		*1,095*	*1,886*
– including minority interests		*332*	*357*

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

Consolidated statement of net cash flows

(in millions of euros)

	December 31, 2010	December 31, 2009
Net income	1,751	1,028
Income taxes	604	475
Income before income tax	**2,355**	**1,503**
Net depreciation/amortization expense on property and equipment and intangible assets	294	252
Impairment of goodwill and other non-current assets	2	1
Net additions to provisions and impairment	154	1,565
Share of income/loss of affiliates	- 36	- 45
Net loss/gain from investment activities	- 17	- 3
Income/(expense) from financing activities	0	0
Other movements	- 2,451	675
Total non-monetary items included in income before tax and other adjustments	**- 2,054**	**2,445**
Cash flows relating to interbank transactions	- 20,819	- 18,030
Cash flows relating to customer transactions	2,767	19,761
Cash flows relating to other transactions affecting financial assets or liabilities	6,713	- 10,393
Cash flows relating to other transactions affecting non-financial assets or liabilities	322	- 1,899
Taxes paid	- 557	- 375
Net decrease/(increase) in assets and liabilities from operating activities	**- 11,573**	**- 10,935**
Cash flows from (used in) operating activities	**- 11,272**	**- 6,987**
Cash flows relating to financial assets and investments in non-consolidated companies	- 466	1,386
Cash flows relating to investment property	- 121	- 191
Cash flows relating to property, plant, equipment and intangible assets	- 199	- 345
Cash flows from (used in) investing activities	**- 786**	**850**
Cash flows relating to transactions with shareholders	- 182	60
Other net cash flows relating to financing activities	2,642	- 618
Cash flows from (used in) financing activities	**2,460**	**- 678**
Impact of movements in exchange rates on cash and cash equivalents	**127**	**19**
Net increase (decrease) in cash and cash equivalents	**- 9,471**	**- 6,795**
Net cash flows from (used in) operating activities	- 11,272	- 6,987
Net cash flows from (used in) investing activities	- 786	850
Net cash flows from (used in) financing activities	2,460	- 678
Impact of movements in exchange rates on cash and cash equivalents	127	19
Cash and cash equivalents at beginning of year	**4,667**	**11,462**
Cash accounts and accounts with central banks	6,790	11,172
Demand loans and deposits – credit institutions	- 2,123	290
Cash and cash equivalents at end of year	**- 4,805**	**4,667**
Cash accounts and accounts with central banks	6,499	6,790
Demand loans and deposits – credit institutions	- 11,304	- 2,123
Change in cash and cash equivalents	**- 9,471**	**- 6,795**

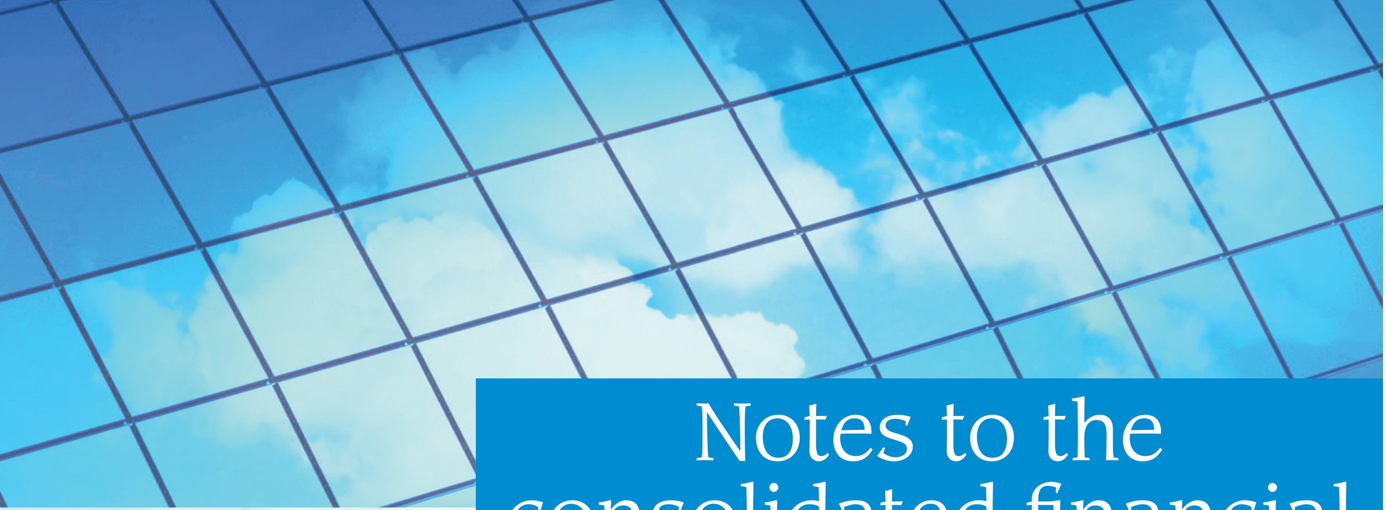
Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital stock	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholders' equity at January 1, 2009	**1,302**	**578**	**6,898**	**- 45**
Capital increase				
Appropriation of 2008 earnings			29	
2009 dividend paid out of 2008 earnings				
Sub-total: movements arising from shareholder relations			**29**	
Change of unrealised or deferred gains and losses recognized in shareholder's equity				
2009 net income				
Sub-total				
Impact of changes in group structure			- 113	
Translation adjustments				5
Shareholders' equity at December 31, 2009	**1,302**	**578**	**6,814**	**- 40**
Shareholders' equity at January 1, 2010	**1,302**	**578**	**6,814**	**- 40**
Appropriation of 2009 earnings			808	
2010 dividend paid out of 2009 earnings			- 129	
Sub-total: movements arising from shareholder relations			**679**	
Change of unrealised or deferred gains and losses recognized in shareholder's equity				
2010 net income				
Sub-total				
Impact of changes in group structure			10	
Translation adjustments				46
Other movements	0	0	0	
Shareholders' equity at December 31, 2010	**1,302**	**578**	**7,503**	**6**

1. Reserves at December 31, 2010 include a legal reserve of €120 million, regulatory reserves for a total of €951 million and other reserves amounting to €6,432 million.

Unrealized or deferred gains and losses, net of tax		Net income attributable to equity holders of the parent company	Equity attributable to equity holders of the parent company	Non-controlling interests	Total consolidated shareholders' equity
Relating to changes in fair value of available-for-sale financial assets	Relating to changes in fair value of hedging derivative instruments				
- 1,119	- 12	29	7,631	1,922	9,553
		- 29			
				- 60	- 60
		- 29		- 60	- 60
1,059	- 31		1,028	136	1,164
		808	808	221	1,029
1,059	- 31	808	1,836	357	2,193
50			- 63	666	603
			5	- 4	1
- 10	- 43	808	9,409	2,881	12,290
- 10	- 43	808	9,409	2,881	12,290
		- 808			
			- 129	- 53	- 182
		- 808	- 129	- 53	- 182
- 265	- 45		- 310	- 14	- 324
		1,405	1,405	346	1,751
- 265	- 45	1,405	1,095	332	1,427
			10	- 20	- 10
			46	11	57
	0	0	- 1		- 1
- 275	- 89	1,405	10,430	3,151	13,581



Notes to the consolidated financial statements

Note 1: Accounting principles, and methods

Note 1.1 Accounting reference framework

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

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 that 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.

Standards and Interpretations		Date of application in the EU	Consequences of application
New accounting standards applied with effect from January 1, 2010			
New standards			
IAS 27	Consolidated and Separate Financial Statements and	06/15/2009 and	Prospective application
IFRS 3R	Business Combinations	07/01/2009	with effect from January 1, 2010
Amendments of existing standards			
IFRS 1	First Time Adoption of IFRS	11/29/2009	No impact
	Improvements to IFRSS	03/27/2010	No impact
IFRS 2	Group Cash-settled Share-based Payment Transactions	03/27/2010	No impact
IFRS 1	Additional Exemptions for First-Time Adopters	06/27/2010	No impact
Interpretations			
IFRIC 12	Service Concession Arrangements	03/29/2009	No impact
IFRIC 15	Agreements for the Construction of Real Estate	07/26/2009	No impact
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	06/08/2009	No impact
IFRIC 17	Distributions of Non-cash Assets to Owners	11/30/2009	No impact
IFRIC 18	Transfers of Assets from Customers	12/04/2009	No impact
Standards and interpretations adopted by the European Union not yet applied			
Amendments of existing standards			
IAS 24 R	Related party disclosures	Mandatory application with effect from 01/01/2011	No material impact
IAS 32	Financial instruments: Presentation	Mandatory application effect from 01/01/2011	The amendment relates to the classification of issue rights: not relevant to CIC
Interpretations			
IFRIC 14	Amendment: Prepayments of of a Minimum Funding Requirement	Mandatory application with effect from 01/01/2011	Not relevant to CIC
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	Mandatory application with effect from 01/01/2011	Not relevant to CIC

Note 1.2

Scope and basis of consolidation

Scope of consolidation

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

The consolidation scope comprises:

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

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

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

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

Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the activities are conducted exclusively on behalf of the group; the group has the decision-making powers to obtain the majority of the benefits of the activities of the SPE; the group has rights to obtain the majority of benefits; 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, 2010 were as follows:

– ***Entry into the scope of consolidation***:

Banking network subsidiaries: Banco Popular Hipotecario (provisional name for the Crédit Mutuel / Banco Popular partnership), Banque Marocaine du Commerce Extérieur (BMCE).

Corporate finance and capital markets: Diversified Debt Securities SICAV-SIF, Divhold.

Private banking: Banque Transatlantique Singapore Private Ltd, Serficom Brasil.

Other companies: Cime & Mag, Distripub, Est Imprimerie, Europe Régie, Groupe Républicain Lorrain Communication (GRLC), Groupe Républicain Lorrain Imprimeries (GRLI), Imprimerie Michel, Inter'print, La Liberté de l'Est, L'Alsace, L'Alsace Magazines Editions, L'Alsace Multimédia Internet, Le Républicain Lorrain, Les Editions de l'Echiquier, Lumédia, Mediaportage, Républicain Lorrain Communication, Républicain Lorrain TV news, Républicain Lorrain voyages, Rhin Presse, Roto Offset Imprimerie, SCI L'Alsace, SCI Ecriture, SCI Gutenberg, SCI Roseau d'Or, Simply Web, Société Civile de Gestion des Parts dans l'Alsace (SCGPA), Société Française d'Edition de Journaux et d'Imprimés commerciaux L'Alsace (SFEJICA) and Sofiliest.

– Mergers / acquisitions:

Transatlantique Finance with BLC Gestion, CIC Investissement Alsace with CIC Finance, CIC Investissement Est with CIC Investissement, CIC Investissement Nord with CIC Investissement, Sodelem with CM-CIC Bail, and Crefidis with Cofidis.

Consolidation methods

The consolidation methods used are as follows:

◆ Full consolidation

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

◆ Proportionate consolidation

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

◆ Consolidation using the equity method

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

Closing date

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

Elimination of intercompany transactions

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

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

Translation of financial statements expressed in foreign currencies

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

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

Goodwill

◆ Measurement differences

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

◆ Acquisition goodwill

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

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

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

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

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

Non-controlling interests

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

Note 1.3 Accounting principles and methods

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

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

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

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

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

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

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

Note 1.3.1 Loans and receivables

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

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

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

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

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

◆ Individual impairment of loans

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

Loans on which one or more installments are more than three months past due (six months in the case of real estate loans and nine months for local authority loans) are deemed to represent objective evidence of impairment. Likewise, an impairment loss is recognized when it is probable that the borrower will not be able to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation. Impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses. Reversals of impairment charges and provisions are recorded in net additions to/reversals from provisions for loan losses for the portion relating to the change in risk and in net interest for the portion relating to the passage of time. Impairment provisions are deducted from the asset in the case of loans and receivables and the provision is recorded under provisions in liabilities for financing and guarantee commitments.

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

◆ Collective impairment of loans

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

Note 1.3.3 Leases

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

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

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

◆ Finance leases – lessor accounting

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

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

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

◆ Finance leases – lessee accounting

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

Note 1.3.4 Acquired securities

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

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

Classification

Financial instruments at fair value through profit or loss comprise:

a) financial instruments held for trading purposes, consisting mainly of instruments that:
a. were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
b. are part of a portfolio of financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the option provided by IAS 39, for which application guidance was given in the amendment published in June 2005. This option is designed to help entities produce more relevant information, by enabling:
a. certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;
b. a significant reduction in accounting mismatches regarding certain assets and liabilities;
c. a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a documented risk management or investment strategy on a fair value basis.

This category mainly includes all securities held in the private equity portfolio.

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-tomaturity 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 on the event of disposal or a lasting impairment in value. On disposal or recognition of a lasting impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement under "Net gain/ (loss) on available-for-sale financial assets. Purchases and sales are recognized at the settlement date.

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

◆ Impairment of available-for-sale debt instruments

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

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

◆ Impairment of available-for-sale equity instruments

An equity instrument is impaired when there exists objective evidence of impairment, either in the event of a) a significant or lasting decline in the fair value to below cost; or b) the existence of information on 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 24 consecutive months implies an impairment. Such instruments are analyzed on a line-byline basis. Judgment must also be exercised for securities that do not meet the above criteria but for which it is considered that recovery of the amount invested in the near future cannot reasonably be expected.

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

Criteria for classification and rules of transfer

Fixed-income securities may be reclassified:

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

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

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

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

◆ Held-to-maturity financial assets

Classification

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

Basis for recognition and measurement of related income and expenses

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

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

Impairment

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

Criteria for classification and rules of transfer

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

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

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

◆ Fair value hierarchy of financial instruments

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

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

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

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

◆ Derivatives and hedge accounting

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

a) 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";

b) 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;

c) which is settled at a future date.

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

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

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

Embedded derivatives

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

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

• the hybrid instrument is not measured at fair value through profit or loss;

• the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

• the separate measurement of the embedded derivative is sufficiently reliable to provide useful information.

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

Structured products are products created by bundling basic instruments – generally options – to exactly meet client needs. There are various categories of structured products based on plain vanilla options, binary options, barrier options, Asian options, lookback options, options on several assets and index swaps.

There are three main methods of valuing these products: methods consisting of solving a partial differential equation, discrete time tree methods and Monte Carlo methods. The first and third methods are used. The analytical methods used are those applied by the market to model the underlyings.

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

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

Hedge accounting

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

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

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

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

Fair value hedging instruments

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

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

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

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

Fair value hedging instruments – interest rate risk

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

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

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

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

Cash flow hedging instruments

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

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

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

Reclassifications of debt instruments

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

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

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

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

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

a- "*Financial assets held to maturity*", in the event of a change in management's intention or ability, and provided that they fulfill the eligibility conditions of this category;

b- "*Loans and receivables*", in case the Group has the intention and ability to hold the financial assets in the foreseeable future or until maturity, and provided that they qualify for this category.

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

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

Note 1.3.5 Debt represented by a security

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

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

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

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

Note 1.3.6 Subordinated debt

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

Note 1.3.7 Distinction between Debt and Shareholders' equity

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

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

Note 1.3.8 Provisions

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

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

The provisions made by the Group cover in particular:

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

Note 1.3.9 Amounts due to customers and credit institutions

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

◆ Regulated savings contracts

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

They generate two types of commitments for the distributing institution:

• A commitment to pay future interest on the amounts deposited as savings at a fixed rate for the PEL and variable-rate equivalent for the CEL (periodically revised on the basis of an indexation formula);

• A commitment to grant a loan to the customers who request it at predetermined conditions (both for the PEL and the CEL).

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

Note 1.3.10 Cash and cash equivalents

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

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

Note 1.3.11 Employee benefits

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

Defined post-employment benefits

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

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

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

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

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

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

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

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

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

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

Supplementary benefits provided by pension funds

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

Other post-employment defined benefits

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

◆ Defined contribution post-employment benefits

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

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

◆ Long-term benefits

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

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

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

◆ Employee supplementary retirement plans

Employees of the Crédit Mutuel CM5 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 CM5 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 €670 million as of December 31, 2010, covered by technical reserves of €662 million and €31 million worth of mathematical reserves for defined benefits plans recognized on the liabilities side of the ACM VIE SA statement of financial position. These figures represent all the beneficiaries.

In addition to the mandatory retirement plans, CIC Group's employees benefit from a supplementary defined contribution plan from ACM Vie SA. The obligation relating to this plan amounted to €256 million as of December 31, 2009, covered by €271 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 twelve months after the reporting date.

◆ Short-term benefits

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

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

Note 1.3.12 Insurance

The accounting principles and valuation rules of the assets and liabilities generated by the issuance of insurance policies including re-insurance contracts, whether issued or subscribed, and financial contracts including a discretionary profit-sharing clause (granting policyholders the right, in addition to guaranteed remuneration, to receive a share of the financial profits) have been drawn up in accordance with IFRS 4.

The other assets held and liabilities issued by fully-consolidated insurance companies follow the rules common to all of the Group's assets and liabilities. The 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", and are stated at the realizable value of the underlying assets at year-end.

Furthermore, the contracts governed by IFRS 4 remain accounted for and consolidated like under the French standards and are measured and recognized under the same rules, with the exception of some minor restatements, such as those related to the elimination of regulatory equalization provisions and the recognition of deferred participation in accordance with the principles of French regulations applicable to differences in asset values. This mainly includes provisions for deferred profit-sharing arising from the unrealized capital gains or losses accounted for on assets in accordance with IAS 39 (which corresponds under IFRS 4 to the application of "shadow accounting": in order to recognize the share of these unrealized capital gains or losses, the "discretionary participation feature", wholly in provisions and not under shareholders' equity. These provisions for deferred profitsharing 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.

In addition to the various changes in provisions recognized as liabilities, the other transactions generated by these policies are measured and accounted for under the same rules. This includes the acquisition costs of policies, receivables and liabilities arising from the policies, advances relating to policies and sums arising under recourse and subrogated entitlements from insurance and re-insurance contracts.

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).

The capitalization reserve set aside on a tax exempt basis in the individual accounts of the French companies with respect to the sale of amortizable securities, in order to defer part of the net capital gains generated to maintain the yield-to-maturity ratio of the portfolio built to represent the contractual commitments, is eliminated in the consolidated financial statements. Changes affecting this reserve during the financial year, which are recognized in income in the individual financial statements, are eliminated in the consolidated income statement. On the other hand, if there is a strong probability of allocation to the policyholders, in particular to make allowance for their entitlements under some insurance portfolios of the Group's entities, an entry for deferred participation is made following the restatement of the capitalization reserve.

Note 1.3.13 Property and equipment and intangible assets

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

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

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

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

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

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

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

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

The depreciation and amortization periods are:

Property and equipment:

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

Intangible fixed assets:

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

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

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

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

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

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

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

Note 1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

◆ Deferred taxes

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

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

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

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

They are not discounted.

Note 1.3.15 Interest paid by the French Government on some loans

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

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

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

Note 1.3.16 Financial guarantees and financing commitments given

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

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

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

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

Note 1.3.17 Foreign exchange transactions

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

◆ Monetary financial assets and liabilities

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

◆ Non-monetary financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

– the impairment of debt and equity instruments,

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

– the assessment of the active nature of certain markets;

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

– impairment tests performed on intangible fixed assets,

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

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

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

The Group's activities are as follows:

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

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

• Financing and capital markets covers:

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

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

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

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

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

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

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

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

December 31, 2009	Retail banking	Insurance
Assets		
Cash, central banks, post office banks – Assets	1,985	0
Financial assets at fair value through profit or loss	150	11,524
Hedging derivative instruments – Assets	1,084	48
Available-for-sale financial assets	600	34,603
Loans and receivables due from credit institutions	45,917	9
Loans and advances to customers	128,756	221
Held-to-maturity financial assets	63	6,080
Equity-accounted investments	187	262
Liabilities		
Cash, central banks, post office banks – Liabilities	0	0
Financial assets at fair value through profit or loss	75	1
Hedging derivative instruments – Liabilities	2,209	0
Amounts due to credit institutions	50,940	0
Amounts due to customers	73,459	47
Debt securities	19,859	0

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
3,978	449	0	1,016	6,543
26,877	113	1,653	295	40,120
(201)	8	0	346	134
22,614	4,816	3	1,004	68,041
58,252	4,437	6	86	65,415
16,641	5,629	0	585	159,542
339	7	0	585	8,926
	1	0	755	1,589
0	44	0	0	44
32,200	162	0	(39)	34,194
1,577	423	0	63	2,457
19,955	344	0	(0)	38,193
6,826	13,621	0	12,349	116,325
70,280	32	0	2,733	94,646

Financing and capital markets	Private banking	Private equity	Logistics and holding company	Total
4,150	679	0	1,241	8,054
37,765	111	1,682	396	51,628
153	18	0	407	1,710
24,733	5,681	1	1,831	67,448
58,010	5,395	1	(3,784)	105,547
17,727	4,760	0	608	152,072
1,522	6	0	0	7,672
0	1	0	165	615
0	1,265	0	0	1,265
47,627	94	0	42	47,839
2,004	446	0	96	4,755
40,143	398	0	(0)	91,481
6,285	13,472	0	12,386	105,649
64,386	50	0	2,674	86,969

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

2010

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

2009 pro-forma

	Retail banking	Insurance	Financing and capital markets
Net banking income	5,787	887	1,532
General and administrative expense	- 3,497	- 340	- 271
Gross operating income	**2,290**	**546**	**1,262**
Net additions to (reversals of) provision for credit losses	- 1,452	0	- 379
Net gain (loss) on disposal of other assets *	17	21	0
Net income before tax	**855**	**567**	**882**
Income tax	- 301	- 155	- 273
Net income	**554**	**412**	**610**
Non-controlling interests			
Net income – Group share			

To make the accounts comparable between 2009 and 2010, 2009 amounts were restated for the following impacts:
a) Impact of reclassifications between "retail banking" and "inter-businesses" (no effect on net accounting income)
* Retail Banking: Net banking income (-31) General and administrative expenses (+31)
** Inter-businesses: Net banking income (+31) General and administrative expenses (-31)
b) Impact of reclassifications between "Logistics and holding company" and "inter-businesses" (no effect on net accounting income)
** Logistics and holding company: Net banking income (-208) General and administrative expenses (+208)
** Inter-businesses: Net banking income (+208) General and administrative expenses (-208)

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

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
397	49	- 703	- 40	7,908
- 303	- 28	- 48	40	- 4,447
94	**21**	**-751**		**3,461**
1	0	- 62		- 1,892
0	0	- 103		- 65
95	**21**	**- 916**		**1,504**
- 24	- 1	279		- 475
70	**20**	**- 637**		**1,029**
				221
				808

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

	December 31, 2010		
	France	Europe excluding France	Rest of the world *
Assets			
Cash, central banks, post office banks – Assets	1,400	1,166	3,977
Financial assets at fair value through profit or loss	37,453	1,080	1,586
Hedging derivative instruments – Assets	122	10	1
Available-for-sale financial assets	60,611	6,189	1,241
Loans and receivables due from credit institutions	57,632	4,841	2,942
Loans and advances to customers	135,087	21,371	3,084
Held-to-maturity financial assets	8,920	6	0
Equity-accounted investments	952	169	468
Liabilities			
Cash, central banks, post office banks – Liabilities	0	44	0
Financial assets at fair value through profit or loss	32,486	1,518	190
Hedging derivative instruments – Liabilities	2,007	426	23
Amounts due to credit institutions	20,979	13,446	3,768
Amounts due to customers	92,862	22,539	924
Debt securities	76,856	9,985	7,805

* USA, Singapore, Tunisia and Morocco.

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

	December 31, 2010		
	France	Europe excluding France	Rest of the world *
Net banking income **	6,126	2,011	343
General and administrative expense	- 3,507	- 1,330	- 74
Gross operating income	**2,619**	**681**	**269**
Net additions to (reversals of) provisions for loan losses	- 432	- 602	- 180
Net gain (loss) on disposal of other assets ***	- 23	- 12	33
Net income before tax	**2,164**	**68**	**122**
Net income	1,558	71	121
Net income – Group share	**1,275**	**20**	**110**

* USA, Singapore, Tunisia and Morocco.
** In 2010, 24% of the Net banking income (excluding Logistics and holding business line) came from foreign operations.
*** Including net profit of associates and impairment losses on goodwill.

Total	December 31, 2009 France	Europe excluding France	Rest of the world *	Total
6,543	4,719	2,280	1,055	8,054
40,120	50,965	285	377	51,628
134	1,676	32	3	1,710
68,041	60,256	6,306	886	67,448
65,415	97,080	5,509	2,959	105,547
159,542	128,623	20,572	2,877	152,072
8,926	7,666	6	0	7,672
1,589	196	160	260	615
44	0	1,265	0	1,265
34,194	43,438	4,205	195	47,839
2,457	4,285	465	4	4,755
38,192	77,827	11,573	2,081	91,481
116,325	81,651	23,136	862	105,649
94,646	70,505	11,413	5,051	86,969

Total	December 31, 2009 France	Europe excluding France	Rest of the world *	Total
8,481	5,668	1,926	314	7,908
- 4,911	- 3,149	- 1,231	- 68	- 4,448
3,570	**2,519**	**695**	**246**	**3,461**
- 1,214	- 851	- 766	- 274	- 1,892
- 2	- 94	- 1	29	- 65
2,355	**1,574**	**- 72**	**1**	**1,503**
1,751	1,087	- 30	- 29	1,028
1,405	**859**	**- 22**	**- 30**	**808**

Note 3 Scope of consolidation

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method*	% Control	% Interest	Method*
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	96	96	FC	99	99	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
CIC Ouest (ex-Banque CIO-BRO)	100	93	FC	100	92	FC
CIC Banque Nord-Ouest (ex-Banque Scalbert Dupont – CIN)	100	93	FC	100	92	FC
Crédit Industriel et Commercial (CIC)	93	93	FC	92	92	FC
CIC Est	100	93	FC	100	92	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	92	FC
CIC Sud-Ouest (ex-Société Bordelaise – SBCIC)	100	93	FC	100	92	FC
TARGOBANK AG & Co. KGa A	100	100	FC	100	100	FC
B. Banking network subsidaries						
Banca Popolare di Milano	5	4	EM	5	4	EM
Banco Popular Hipotecario	50	50	PC			NC
Banque de Tunisie	20	20	EM	20	20	EM
Banque Marocaine du Commerce Exterieur (BMCE)	25	25	EM			NC
C2C	100	34	FC	100	34	FC
CM-CIC Asset Management	74	73	FC	74	72	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Covered Bonds	100	100	FC	100	100	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Gestion	100	93	FC	100	92	FC
CM-CIC Laviolette Financement	100	93	FC	100	92	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentine	66	23	FC	66	23	FC
Cofidis Belgique	100	34	FC	100	34	FC
Cofidis Espagne	100	34	FC	100	34	FC
Cofidis France	100	34	FC	100	34	FC
Cofidis Italie	100	34	FC	100	34	FC
Cofidis République Tchèque	100	34	FC	100	34	FC
Cofidis Roumanie	100	34	FC	100	34	FC
Cofidis Slovaquie	100	34	FC	100	34	FC
Creatis	100	34	FC	100	34	FC
Crefidis	0	0	MER	100	34	FC
Factocic	85	79	FC	51	47	FC
FCT CM-CIC Home loans	100	100	FC	100	100	FC
Monabanq	100	34	FC	66	23	FC
Saint-Pierre SNC	100	93	FC	100	92	FC
SCI La Tréflière	46	46	EM	46	46	EM
SOFEMO – Société Fédérative Europ. de Monétique et de Financement	100	98	FC	100	97	FC
Sofim	100	93	FC	100	92	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	92	FC
Diversified Debt Securities	100	95	FC			NC
Divhold	100	95	FC			NC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	92	FC
Banque Transatlantique	100	93	FC	100	92	FC
Banque Transatlantique Belgium	100	91	FC	100	91	FC
Banque Transatlantique Luxembourg (ex-Mutual Bank Luxembourg)	90	86	FC	90	85	FC
Banque Transatlantique Singapore	100	93	FC			NC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking – Banque Pasche	100	93	FC	100	92	FC
CIC Suisse	100	93	FC	100	92	FC
Dubly-Douilhet	63	58	FC	63	58	FC
GPK Finance	100	93	FC	89	82	FC
LRM Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	92	FC
Pasche Finance SA Fribourg	100	93	FC	100	92	FC
Pasche Fund Management Ltd	100	93	FC	100	92	FC
Pasche International Holding Ltd	100	93	FC	100	92	FC
Pasche SA Montevideo	100	93	IG	100	92	FC
Serficom Brasil Gestao de Recursos Ltda	52	48	FC			NC
Serficom Family Office Inc	100	93	FC	100	92	FC
Serficom Family Office Ltda Rio	52	48	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	92	FC
Serficom Investment Consulting (Shanghaï)	100	93	FC	100	92	FC
Serficom Maroc SARL	100	93	FC	100	92	FC
Transatlantique Finance			MER	100	92	FC
Transatlantique Gestion (ex-BLC Gestion)	100	93	FC	100	92	FC
Valeroso Management Ltd	100	93	FC	45	57	EM
E. Private equity						
CIC Banque de Vizille	98	90	FC	98	91	FC
CIC Finance	100	93	FC	100	92	FC
CIC Investissement	100	93	FC	100	92	FC
CIC Investissement Alsace			MER	100	92	FC
CIC Investissement Est			MER	100	92	FC
CIC Investissement Nord			MER	100	92	FC
CIC Vizille Participations	100	90	FC	100	91	FC
Financière Voltaire	100	93	FC	100	92	FC
Institut de Participations de l'Ouest (IPO)	100	93	FC	100	92	FC
IPO Ingénierie	100	93	FC	100	92	FC
Sudinnova	63	57	FC	57	52	FC
Vizille Capital Finance	100	90	FC	100	91	FC
Vizille Capital Innovation	100	90	FC	100	91	FC

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
F. Logistics and holding company						
Adepi	100	93	FC	100	92	FC
Carmen Holding Investissement	67	67	FC	67	67	FC
CIC Migrations	100	93	FC	100	92	FC
CIC Participations	100	93	FC	100	92	FC
Cicor	100	93	FC	100	92	FC
Cicoval	100	93	FC	100	92	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de paiement	45	46	EM	45	46	EM
Cofidis Participations	51	34	FC	51	34	FC
Efsa	100	93	FC	100	92	FC
Est Bourgogne Rhône-Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
Gesteurop	100	93	FC	100	92	FC
Gestunion 2	100	93	FC	100	92	FC
Gestunion 3	100	93	FC	100	92	FC
Gestunion 4	100	93	FC	100	92	FC
Groupe *Républicain Lorrain Communication* (GRLC)	100	100	FC			NC
Impex Finance	100	93	FC	100	92	FC
Marsovalor	100	93	FC	100	92	FC
Pargestion 2	100	93	FC	100	92	FC
Pargestion 4	100	93	FC	100	92	FC
Placinvest	100	92	FC	100	92	FC
Société Civile de Gestion des Parts dans *l'Alsace* (SCGPA)	50	50	FC			NC
Société Française d'Édition de Journaux et d'Imprimés	100	97	FC			NC
Sofiholding 2	100	93	FC	100	92	FC
Sofiholding 3	100	93	FC	100	92	FC
Sofiholding 4	100	93	FC	100	92	FC
Sofinaction	100	93	FC	100	92	FC
Targo Akademie GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	92	FC
Ugépar Service	100	93	FC	100	92	FC
Valimar 2	100	93	FC	100	92	FC
Valimar 4	100	93	FC	100	92	FC
VTP 1	100	92	FC	100	92	FC
VTP 5	100	93	FC	100	92	FC
G. Insurance companies						
ACM IARD	96	69	FC	96	69	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Euro Protection Services	100	72	FC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
ICM Ré	100	69	FC	100	69	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	20	14	EM

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method*	% Control	% Interest	Method*
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
H. Other companies						
ACM GIE	100	72	FC	100	72	FC
ACM Services	100	72	FC	100	72	FC
Agence générale d'informations régionales	49	49	EM	100	100	FC
Cime & Mag	100	97	FC			NC
Darcy presse			NC	100	100	FC
Distripub	100	97	FC			NC
Documents AP	100	100	FC	100	100	FC
Est imprimerie	100	97	FC			NC
Europe Régie	66	64	FC			NC
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries – GRLI	100	100	FC			NC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC			NC
Information pour la communication			MER	50	50	FC
Interprint	100	100	FC			NC
Jean Bozzi Communication	100	100	FC	100	100	FC
La Gazette indépendante de Saône-et-Loire	0	0	MER	100	100	FC
La Liberte de l'Est	49	49	EM			NC
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC			NC
L'Alsace Magazines Editions – L'Ame	100	97	FC			NC
Le Bien Public	100	100	FC	100	100	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC			NC
Les Editions de l'Echiquier	100	97	FC			NC
Les Journaux de Saône-et-Loire	100	100	FC	100	100	FC
Lumedia	50	50	PC			NC
Lyon Plus	0	0	MER	100	100	FC
Lyonnaise de Télévision	0	0	NC	60	60	FC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC			NC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publiprint Dauphiné	100	100	FC	100	100	FC
Publiprint Province n° 1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC			NC
Républicain Lorrain – TV News	100	100	FC			NC
Républicain Lorrain Voyages	100	100	FC			NC
Rhône Offset Presse	0	0	MER	100	100	FC
Roto Offset	100	97	FC			NC
SCI 6, place Joubert	0	0	NC	100	100	FC
SCI ADS	100	71	FC	100	71	FC
SCI Alsace	90	87	FC			NC
SCI du Palais	0	0	NC	100	100	FC
SCI Ecriture	100	97	FC			NC
SCI Gutenberg	100	100	FC			NC
SCI Hôtel-de-Ville	0	0	NC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	30	30	EM

	December 31, 2010			December 31, 2009		
	% Control	% Interest	Method *	% Control	% Interest	Method *
SCI Roseau d'Or	100	97	FC			NC
SIIC Foncière Massena	78	56	FC	77	55	FC
Société d'édition des hebdomadaires et périodiques locaux	100	100	FC	100	100	FC
Sofiliest	49	49	EM			NC

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

Note 4 Cash, Central banks

Note 4a Loans and receivables due from credit institutions

	December 31, 2010	December 31, 2009
Cash, and amounts due from Central banks		
Amounts due from Central banks	6,001	7,485
– including reserve requirements	*1,255*	*2,560*
Cash	542	569
Total	**6,543**	**8,054**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	2,401	1,423
Other current accounts in debit	5,156	3,396
Loans	49,532	91,951
Other receivables	688	890
Securities not listed in an active market	4,681	5,881
Repurchase agreements	1,742	855
Individually impaired receivables	1,267	1,506
Accrued income	297	165
Impairment provisions	- 350	- 520
Total	**65,415**	**105,547**

1. Mainly outstanding repayments – CDC (LEP, LDD, Livret Bleu).

Note 4b Amounts due to credit institutions

	December 31, 2010	December 31, 2009
Due to central banks	**44**	**1,265**
Due to credit institutions		
Crédit Mutuel network accounts [1]	0	0
Other current accounts	15,841	2,097
Borrowings	17,862	86,817
Other	369	550
Repurchase agreements	4,052	1,929
Accrued interest	69	88
Total	**38,237**	**92,746**

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

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

	December 31, 2010			December 31, 2009		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	15,931	13,128	29,059	19,302	13,966	33,268
– Government securities	2,766	30	2,796	4,754	*88*	*4,843*
– Bonds and other fixed-income securities	11,994	3,446	15,440	12,307	3,419	15,725
Listed	*11,994*	*3,399*	*15,393*	*12,307*	*3,350*	*15,656*
Unlisted	*0*	*48*	*48*	*0*	*69*	*69*
– Equities and other variable-income securities	1,171	9,652	10,823	2,241	10,459	12,700
Listed	*1,171*	*8,095*	*9,266*	*2,241*	*8,948*	*11,188*
Unlisted	*0*	*1,557*	*1,557*	*0*	*1,511*	*1,511*
Trading derivative instruments	2,612	0	2,612	3,384	0	3,384
Other financial assets		8,448	8,448		14,975	14,975
– including resale agreements		*8,448*	*8,448*		*14,974*	*14,974*
Total	**18,543**	**21,577**	**40,120**	**22,686**	**28,942**	**51,628**

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

	December 31, 2010	December 31, 2009
Financial liabilities held for trading	7,305	9,784
Financial liabilities at fair value by option through profit or loss	26,889	38,055
Total	**34,194**	**47,839**

◆ Financial liabilities held for trading

	December 31, 2010	December 31, 2009
Short selling of securities	1,864	4,168
– Government securities	*1*	*0*
– Bonds and other fixed-income securities	*1,315*	*3,496*
– Equities and other variable-income securities	*548*	*673*
Trading derivative instruments	4,680	5,274
Derivatives held for trading	760	342
Total	**7,305**	**9,784**

◆ Financial liabilities at fair value by option through profit or loss

	December 31, 2010			December 31, 2009		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	473	472	1	3,670	3,668	2
Interbank liabilities	25,265	25,259	6	27,193	27,175	18
Due to customers	1,151	1,151	0	7,192	7,192	0
Total	**26,889**	**26,882**	**7**	**38,055**	**38,035**	**20**

Note 5c Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	65,084	1,938	1,019	68,041
– Government and similar securities – AFS	*13,973*	*0*	*0*	*13,973*
– Bonds and other fixed-income securities – AFS	*44,431*	*1,906*	*338*	*46,675*
– Equities and other variable-income securities – AFS	*5,003*	*0*	*44*	*5,047*
– Investments in non-consolidated companies and other LT investments – AFS	*1,648*	*8*	*301*	*1,957*
– Investments in associates – AFS	*29*	*24*	*336*	*389*
Transaction / Fair value by option (FVO)	23,936	12,984	3,200	40,120
– Government and similar securities – Transaction	*2,634*	*132*	*0*	*2,766*
– Government and similar securities – FVO	*30*	*0*	*0*	*30*
– Bonds and other fixed-income securities – Transaction	*8,960*	*1,455*	*1,579*	*11,994*
– Bonds and other fixed-income securities – FVO	*2,982*	*464*	*0*	*3,446*
– Equities and other variable-income securities – Transaction	*1,156*	*0*	*15*	*1,171*
– Equities and other variable-income securities – FVO	*8,083*	*0*	*1,569*	*9,652*
– Loans and receivables due from credit institutions – FVO	*0*	*4,077*	*0*	*4,077*
– Loans and receivables due from customers – FVO	*0*	*4,372*	*0*	*4,372*
– Derivative instruments and other financial assets – Transaction	*30*	*2,484*	*98*	*2,612*
Hedging derivative instruments – Assets	3	124	7	134
Total	**88,962**	**15,046**	**4,287**	**108,295**
Financial liabilities				
Transaction / Fair value by option (FVO)	2,659	31,488	47	34,194
– Due to credit institutions – FVO	*0*	*25,265*	*0*	*25,265*
– Due to customers – FVO	*0*	*1,151*	*0*	*1,151*
– Debt securities – FVO	*0*	*473*	*0*	*473*
– Subordinated debt – FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities – Transaction	*2,659*	*4,599*	*47*	*7,305*
Hedging derivative instruments	3	2,431	23	2,457
Total	**2,662**	**33,919**	**70**	**36,651**

There are three levels of fair value of financial instruments, in accordance with what has been defined by standard IFRS 7:
– Level 1: quoted prices in active markets for identical assets or liabilities;
– Level 2: inputs other than quoted prices of level 1 that are observable for the asset or liability (i.e. either directly) or indirectly (i.e. derived from prices);
– Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Level 3 details

	Opening	Purchases	Sales	Gains and losses recognized in profit	Other transactions	Close
Equities and other variable-income securities – FVO	1,536	262	- 372	168	- 25	1,569

Note 6 Hedging

Note 6a Hedging derivative instruments

	December 31, 2010		December 31, 2009	
	Assets	Liabilities	Assets	Liabilities
Cash Flow Hedge	4	45	2	26
Fair value hedge (change in value recognized through profit or loss)	130	2,412	1,709	4,729
Total	**134**	**2,457**	**1,710**	**4,755**

Note 6b Remeasurement adjustment on investments hedged against interest risk

	Fair value December 31, 2010	Fair value December 31, 2009	Change in fair value
Fair value of interest rate risk by investment category			
Financial assets	580	522	58
Financial liabilities	- 1,331	- 1,777	446

Note 6c Analysis of derivative instruments

	December 31, 2010			December 31, 2009		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– *Swaps*	*381,936*	*1,724*	*3,650*	*353,557*	*1,993*	*4,137*
– *Other forward contracts*	*10,704*	*4*	*0*	*13,486*	*24*	*1*
– *Options and conditional transactions*	*48,423*	*213*	*258*	*60,907*	*457*	*437*
Foreign exchange derivative instruments						
– *Swaps*		*39*	*85*		*21*	*43*
– *Other forward contracts*	*36*	*121*	*101*	*231*	*147*	*123*
– *Options and conditional transactions*	*15,865*	*169*	*169*	*14,769*	*157*	*158*
Derivative instruments other than interest-rate and foreign exchange						
– *Swaps*	*22,289*	*286*	*347*	*23,699*	*289*	*230*
– *Other forward contracts*	*3,598*	*0*	*0*	*6,045*	*0*	*3*
– *Options and conditional transactions*	*1,624*	*56*	*70*	*14,376*	*296*	*142*
Sub-total	**484,474**	**2,612**	**4,680**	**487,070**	**3,384**	**5,274**
Hedging derivative instruments						
Fair value hedging derivative instruments						
– *Swaps*	*77,370*	*129*	*2,412*	*72,375*	*1,658*	*4,729*
– *Options and conditional transactions*	*2*	*1*	*0*	*14*	*51*	*0*
Cash flow hedging derivative instruments						
– *Swaps*	*0*	*2*	*45*	*86*	*0*	*26*
– *Options and conditional transactions*	*0*	*2*	*0*	*0*	*1*	*0*
Sub-total	**77,372**	**134**	**2,457**	**72,474**	**1,710**	**4,755**
Total	**561,846**	**2,745**	**7,137**	**559,545**	**5,095**	**10,028**

Note 7 Available-for-sale financial assets

Note 7a Available-for-sale financial assets

	December 31, 2010	December 31, 2009
Government securities	13,790	15,270
Bonds and other fixed-income securities	46,547	44,950
– Listed	*46,075*	*44,512*
– Unlisted	*472*	*438*
Equities and other variable-income securities	5,059	4,697
– Listed	*4,971*	*4,596*
– Unlisted	*88*	*101*
Long-term investments	2,328	2,223
– Investments in non-consolidated companies	*1,582*	*1,410*
– Other long-term investment	*375*	*393*
– Investments in associates	*371*	*420*
Accrued interest	316	309
Total	**68,041**	**67,448**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 673*	*- 443*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*375*	*433*
Including impairment of bonds and other fixed-income securities	*- 82*	*- 84*
Including impairment of equities and other variable-income securities and long-term investments	*- 1,540*	*- 1,535*

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

		Percent interest	Equity	Total assets	NBI or revenue	Net income
Banca di Legnano [1]	Not quoted	< 10%	1,187	4,709	180	31
Crédit logement	Not quoted	< 5%	1,475	11,810	226	120
CRH (Caisse de Refinancement de l'Habitat)	Not quoted	< 20%	211	40,626	3	1
Foncière des Régions	Quoted	< 5%	4,807	13,953	991	- 464
Banco Popular	Quoted	< 5%	8,447	129,290	4,054	780
Veolia Environnement	Quoted	< 5%	10,131	49,817	34,551	842

The figures above (excluding the percent of interest) relate to 2009.

1. Banca di Legnano is 93.51% owned by BPM.

Note 8 Customers

Loans and receivables due from customers

	December 31, 2010	December 31, 2009
Performing loans	148,292	141,182
Commercial loans	4,307	3,941
Other customer loans	143,222	136,550
– Home loans	*61,298*	*56,408*
– Other loans and receivables, including resale agreements	*81,923*	*80,142*
Accrued income	346	333
Securities not listed in an active market	417	358
Insurance and reinsurance receivables	174	160
Individually impaired receivables	9,454	9,186
Gross receivables	**157,920**	**150,527**
Individual impairment	- 6,095	- 5,517
Collective impairment	- 341	- 326
Sub-total I	**151,483**	**144,674**
Finance leases (net investment)	8,188	7,507
Furniture and movable equipment	5,263	4,897
Real estate	2,748	2,461
Individually impaired receivable	177	149
Individual impairment	- 130	- 109
Sub-total II	**8,059**	**7,398**
Total	**159,542**	**152,072**
Including participatory loans	*28*	*6*
Including subordinated notes	*12*	*168*

Finance leases with customers

	December 31, 2009	Acquisition	Sale	Other	December 31, 2010
Gross carrying amount	7,507	1,465	- 1,502	718	8,188
Impairment of irrecoverable rent	- 109	- 35	25	- 11	- 130
Net carrying amount	7,398	1,430	- 1,477	708	8,059

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	2,627	4,342	1,547	8,516
Present value of future minimum lease payments receivable	2,445	4,135	1,532	8,112
Unearned finance income	**182**	**207**	**15**	**404**

Note 8b Amounts due to customers

	December 31, 2010	December 31, 2009
Regulated savings accounts	30,371	30,296
– Demand	*20,328*	*18,770*
– Term	*10,043*	*11,525*
Accrued interest on savings accounts	13	18
Sub-total	**30,384**	**30,314**
Demand deposits	44,606	40,820
Term accounts and loans	39,844	31,925
Repurchase transactions	684	1,876
Accrued interest	751	667
Insurance and reinsurance payables	56	47
Sub-total	**85,941**	**75,335**
Total	**116,325**	**105,649**

Note 9 Held-to-maturity financial assets

	December 31, 2010	December 31, 2009
Securities	8,935	7,653
– Bonds and other fixed-income securities	8,935	7,653
Quoted	8,906	7,636
Non-quoted	30	16
Accrued income	2	20
Gross total	**8,938**	**7,672**
Including impaired assets	*25*	*1*
Provisions for impairment	- 12	- 1
Net total	**8,926**	**7,672**

Note 10 Movements in provisions for impairment

	December 31, 2009	Additions	Reversals	Other	December 31, 2010
Loans and receivables due from credit institutions	- 520	- 131	321	- 19	- 350
Loans and receivables due from customers	- 5,942	- 1,938	1,336	- 2	- 6,566
Available-for-sale securities	- 1,620	- 44	81	- 39	- 1,623
Held-to-maturity securities	- 1	- 12	0	1	- 12
Total	**- 8,103**	**- 2,124**	**1,738**	**- 60**	**- 8,550**

At December 31, 2010 provisions for loans and receivables due from customers amounted to €6,566 million (compared to €5,962 in 2009), of which collective provisions totaled of €341 million. Individual provisions essentially relate to current accounts in debit, for €790 million (compared to €848 million at the end of 2009) and to provisions for commercial and other loans (including home loans) for €5,305 million (compared to €4,669 million at the end of 2009).

Note 11 Reclassification of financial instruments

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

	December 31, 2010		December 31, 2009	
	Carrying value	Fair value	Carrying value	Fair value
Loans and receivables portfolio	5,582	5,294	6,862	6,558
AFS portfolio	9,284	9,284	13,590	13,590

	December 31, 2010	December 31, 2009
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	140	1,468
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	- 139	- 811
Gains (losses) on reclassified assets, recognized in income (NBI and cost of risk)	20	- 410

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.

1. Securitization

	December 31, 2010		December 31, 2009
Summary	Carrying value	Acquisition price	Carrying value
RMBS	5,579	6,197	5,387
CMBS	458	480	198
CLO	1,887	1,896	1,806
Other ABS	849	853	1,532
CLO covered by CDS	833	972	925
Other ABS covered by CDS	49	56	28
Liquidity facilities	334		298
Total	**9,989**	**10,454**	**10,174**

1.1 RMBS exposure

	December 31, 2010		December 31, 2009
	Carrying value	Acquisition price	Carrying value
Trading	1,819	1,828	1,067
Available-for-sale	1,835	1,900	1,959
Loans	1,925	2,469	2,361
Total	**5,579**	**6,197**	**5,387**
France	14	16	18
Europe, excluding France	2,803	2,884	2,777
USA	2,366	2,892	2,082
Rest of the world	396	405	510
Total	**5,579**	**6,197**	**5,387**
Agencies	1,075	1,064	688
AAA	2,984	3,026	3,080
AA	322	340	263
A	69	91	85
BBB	71	108	27
BB	43	51	42
Below or equal to B	1,015	1,517	1,194
Not rated	0	0	8
Total	**5,579**	**6,197**	**5,387**

Exposure to RMBS issued in the USA

	December 31, 2010		December 31, 2009
	Carrying value	Acquisition price	Carrying value
Originated in 2005 and before	461	590	529
Originated in 2006	603	769	716
Originated in 2007	593	820	722
Originated since 2008	709	713	115
Total	**2,366**	**2,892**	**2,082**

Guarantees received from monoliner insurance companies on USA RMBS

	December 31, 2010		December 31, 2009
	Carrying value	Acquisition price	Carrying value
Ambac	15	15	22
MBIA	4	4	4
FGIC	21	49	35
Total	**40**	**68**	**61**

1.2 CMBS exposure

	December 31, 2010		December 31, 2009
	Carrying value	Acquisition price	Carrying value
France	1	2	1
Europe, excluding France	84	96	79
USA	291	293	0
Rest of the world	82	89	118
Total	**458**	**480**	**198**
Trading	306	310	14
AFS	147	164	177
Loans	5	6	7
Total	**458**	**480**	**198**
AAA	346	351	82
AA	92	104	112
Other	20	25	4
Total	**458**	**480**	**198**

1.3 ABS exposure

1.3.1 CLO / CDO exposure

CDO not hedged by CDS	December 31, 2010		December 31, 2009
	Carrying value	Acquisition price	Carrying value
Trading	23	22	
Available-for-sale	29	29	33
Loans	1,835	1,845	1,773
Total	**1,887**	**1,896**	**1,806**
France	0	0	
Europe, excluding France	889	892	801
USA	998	1,004	62
Rest of the world	0	0	943
Total	**1,887**	**1,896**	**1,806**
Agencies	0	0	0
AAA	1,070	1,076	1,434
AA	600	605	322
Other	217	216	50
Total	**1,887**	**1,897**	**1,806**

1.3.2 Exposure to other ABS

Other ABS not hedged by CDS	December 31, 2010		December 31, 2009
	Carrying value	Acquisition price	Carrying value
Trading	343	342	689
Available-for-sale	287	290	528
Loans	219	221	315
Total	**849**	**853**	**1,532**
France	407	406	559
Europe, excluding France	398	403	903
USA	0	0	0
Rest of the world	44	44	70
Total	**849**	**853**	**1,532**
AAA	601	598	1,180
AA	78	78	148
A	7	7	13
BBB	150	151	191
BB	13	19	0
Total	**849**	**853**	**1,532**

1.3.3 Exposures hedged by CDS

At December 31, 2010 outstanding CLO hedged by CDS totaled €833 million, while other ABS hedged by CDS amounted to €49 million.

1.4 Transactions with special purpose vehicles

At December 31, 2010, liquidity facilities granted to 3 FCC represented €333 million.

2. LBO exposure

	December 31, 2010	December 31, 2009
	Carrying value	Carrying value
Dedicated funding structures by geographic region		
France	1,671	1,371
Europe, excluding France	408	494
USA	127	140
Rest of the world	70	50
Total	**2,276**	**2,055**

Dedicated funding structures by business sector (in %)

	December 31, 2010	December 31, 2009
	Carrying value	Carrying value
Industrial goods and services	16	22
Industrial transport	28	11
Healthcare	10	13
Travel and leisure	10	10
Construction	9	11
Telecommunications	6	6
Other < 5%	21	27
Total	**100**	**100**

Note 13 Corporate income tax

Note 13a Current income tax

	December 31, 2010	December 31, 2009
Asset (by income)	697	676
Liability (by income)	395	268

Note 13b Deferred income tax

	December 31, 2010	December 31, 2009
Asset (by income)	732	756
Asset (by shareholders' equity)	436	372
Liability (by income)	643	815
Liability (by shareholders' equity)	207	173

Breakdown of deferred income tax by major categories

	December 31, 2010		December 31, 2009	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
– *Deferred gains (losses)*				
on available-for-sale securities	*436*	*207*	*372*	*173*
– *Impairment provisions*	*452*		*254*	
– *Unrealized finance lease reserve*		*112*		*69*
– *Earnings of fiscally transparent*				
(pass-through) companies		*4*		*3*
– *Remeasurement of financial instruments*	*603*	*286*	*661*	*345*
– *Accrued expenses and accrued income*	*52*	*616*	*75*	*748*
– *Tax losses* [1 2]	*244*		*282*	
– *Insurance activities*	*36*	*209*	*107*	*291*
– *Other timing differences*	*0*	*71*	*104*	*84*
Netting	*- 655*	*- 655*	*- 725*	*- 725*
Total deferred tax assets and liabilities	**1,168**	**850**	**1,128**	**988**

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 34.43% (i.e. the standard tax rate).
1. Of which USA tax losses: €176 million in 2010 and €220 million in 2009.
2. Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

Note 14 Accruals, other assets and other liabilities

Note 14a Accruals and, other assets

	December 31, 2010	December 31, 2009
Accruals assets		
Collection accounts	346	523
Currency adjustment accounts	13	413
Accrued income	426	395
Other accruals	2,068	2,123
Sub-total	**2,854**	**3,454**
Other assets		
Securities settlement accounts	92	163
Miscellaneous receivables	11,416	11,605
Inventories and equivalent	11	5
Other	11	- 11
Sub-total	**11,530**	**11,761**
Other insurance assets		
Other	339	328
Sub-total	**339**	**328**
Total	**14,723**	**15,543**

Note 14b Accruals and other liabilities

	December 31, 2010	December 31, 2009
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	463	689
Currency adjustment accounts	275	596
Accrued expenses	635	525
Other accruals	6,329	5,956
Sub-total	**7,713**	**7,767**
Other liabilities		
Securities settlement accounts	74	151
Outstanding amounts payable on securities	70	114
Miscellaneous payables	2,409	2,728
Sub-total	**2,553**	**2,992**
Other insurance liabilities		
Deposits and guarantees received	163	133
Other	0	0
Sub-total	**163**	**133**
Total	**10,429**	**10,892**

Note 15 Equity-accounted investments

◆ Equity value and share of net income (loss)

	December 31, 2010		December 31, 2009	
	Equity method value	Share of net income (loss)	Equity method value	Share of net income (loss)
ACM Nord	17	1	17	3
ASTREE Assurance	21	3	16	2
Banca Popolare di Milano	170	1	128	9
Banque de Tunisie	49	7	46	8
Banque Marocaine du Commerce Extérieur	833	15	NC	NC
CMCP	5	0	5	8
Euro Information	191	12	174	18
RMA Watanya	210	8	198	19
Royal Automobile Club de Catalogne	77	- 14	31	1
SCI Treflière	12	1	13	1
Other	4	1	- 13	- 16
Total	**1,589**	**35**	**615**	**55**

Note 16 Investment property

	December 31, 2009	Additions	Disposals	Other movements	December 31, 2010
Historical cost	1,176	121	0	- 348	948
Accumulated depreciation and impairment losses	- 116	- 13	0	- 29	- 158
Net amount	**1,059**	**108**	**0**	**- 376**	**791**

The fair value of investment property carried at amortized cost was €1,110 million at December 31, 2010.

Note 17 Property, equipment and intangible assets

Note 17a Property and equipment

	December 31, 2009	Additions	Disposals	Other movements	December 31, 2010
Historical cost					
Land used in operations	381	3	- 6	- 8	370
Buildings used in operations	2,417	106	- 43	31	2,513
Other	1,098	78	- 69	113	1,221
Total	**3,896**	**188**	**- 117**	**136**	**4,103**
Accumulated depreciation and impairment losses					
Land used in operations	- 1	0	0	0	- 1
Buildings used in operations	- 1,192	- 125	34	- 10	- 1,293
Other property and equipment	- 749	- 70	48	- 72	- 844
Total	**- 1,942**	**- 195**	**82**	**- 83**	**- 2,138**
Net	**1,955**	**- 7**	**- 35**	**54**	**1,965**
Of which leased under finance leases					
Land used in operations	45	0	- 45	0	0
Buildings used in operations	37	0	- 36	- 1	0
Total	**82**	**0**	**- 81**	**- 1**	**0**

Note 17b Intangible assets

	December 31, 2009	Additions	Disposals	Other movements	December 31, 2010
Historical cost					
Internally developed intangible assets	12	2	0	0	14
Purchased intangible assets	1,100	82	- 47	110	1,245
– Software	*420*	*46*	*- 13*	*10*	*463*
– Other	*680*	*35*	*- 34*	*101*	*782*
Total	**1,112**	**84**	**- 47**	**110**	**1,260**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 217	- 102	18	- 24	- 325
– Software	*- 140*	*- 63*	*12*	*- 1*	*- 192*
– Other	*- 77*	*- 38*	*6*	*- 24*	*- 132*
Total	**- 217**	**- 102**	**18**	**- 24**	**- 325**
Net	**896**	**- 18**	**- 29**	**86**	**935**

Note 18 Goodwill

	December 31, 2009	Acquisitions	Disposals	Other movements	December 31, 2010
Goodwill gross	4,114	268	- 117	0	4,265
Accumulated impairment losses	- 124	0	0	- 45	- 169
Goodwill net	**3,990**	**268**	**- 117**	**- 45**	**4,096**

Subsidiaries	Goodwill at December 31, 2009	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31, 2010
Banca Popolare di Milano [a]	41		- 41		0
Banco Popular Hipotecario		183			183
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
CIC Iberbanco	15				15
CIC Private Banking – Banque Pasche	43	9			52
Cofidis Participation [b]	389		- 11		378
Crédit Industriel et Commercial (CIC)	506				506
GPK Finance	5				5
IPO	21				21
Monabanq	17				17
Targobank	2,760		- 3		2,757
Other [c]	172	77	- 61	- 45	143
Total	**3,990**	**268**	**- 117**	**- 45**	**4,096**

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

a. Reclassification of Banca Popolare di Milano's goodwill to "investments in associates".
b. Adjustment of goodwill relating to Cofidis due to a change in value.
c. Reclassification from "investments in associates – insurance companies" to investments in non-consolidated companies.

Note 19 Debt securities

	December 31, 2010	December 31, 2009
Retail certificates of deposit	84	36
Interbank instruments and money market securities	63,206	56,461
Bonds	30,688	29,917
Accrued interest	668	555
Total	**94,646**	**86,969**

Note 20 Insurance companies' technical reserves

	December 31, 2010	December 31, 2009
Life	46,655	43,006
Non-life	2,015	1,945
Unit of account	6,579	5,858
Other	193	196
Total	**55,442**	**51,004**

Note 21 Provisions

	December 31, 2009	Additions	Reversals (provision used)	Reversals (provision not used)	Other movements	December 31, 2010
Provisions for risks	**399**	**155**	**- 48**	**- 77**	**10**	**440**
Signature commitments	140	61	- 14	- 46	- 4	137
Financing and guarantee commitments	1				0	1
On country risks	3	17			0	20
Provisions for taxes	136	7	- 16	- 7	- 1	119
Provisions for claims and litigation [5]	70	61	- 7	- 7	15	132
Provisions for risks on miscellaneous receivables	49	8	- 9	- 17	- 1	30
Other provisions for counterparty risks	0				0	0
Other provisions	**503**	**345**	**- 54**	**- 40**	**19**	**772**
Provisions for home savings accounts and plans	70	1	0	- 9	0	62
Provisions for miscellaneous contingencies	236	235	- 27	- 20	8	432
Other provisions	197	108	- 26	- 11	11	279
Provisions for retirement benefits	**172**	**81**	**- 17**	**- 16**	**- 12**	**208**
Retirement benefits, defined benefit and equivalent, excluding pension funds						
Retirement bonuses [1]	61	64	- 10	- 7	- 9	99
Supplementary retirement benefits	66	11	- 7	- 1	- 4	66
Long service awards (other long-term benefits)	35	3	0	- 8	0	30
Sub-total to statement of financial position	**162**	**78**	**- 17**	**- 16**	**- 13**	**194**
Supplementary retirement benefits, defined benefit, provided by Group's pension funds						
Provision for pension fund shortfalls [2] *Fair value of assets*	10	2	0	0	1	13
Sub-total to statement of financial position	**10**	**2**	**0**	**0**	**1**	**13**
Total	**1,074**	**580**	**- 119**	**- 133**	**17**	**1,420**

Assumptions

	2010	2009
Discount rate [3]	4%	5%
Annual increase in salaries [4]	Minimum 1.5%	3%

1. For the French banks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CM5-CIC Group).
2. The provision for pension fund shortfalls only covers foreign entities.
3. The discount rate used is the return on long-term bonds issued by first-rate companies, estimated on the basis of the IBOXX index.
4. The annual increase in salaries includes the estimated effect of inflation. As from this financial period, it also takes into account employee seniority.
5. The Lehman Brothers receivables sold in the first half of 2010 were provisioned due to uncertainty as to their valuation. This was the main addition during the year.

Movements in provisions for retirement bonuses

	December 31, 2009	Discounted amount	Financial income	Cost of services performed
Commitments	137	5		18
Insurance contract	76		3	
Provisions	61	5	- 3	18

Provisions for home savings accounts and plans signature risk

	December 31, 2010	December 31, 2009
Home savings plan outstandings		
Seniority between 0-4 years	1,719	1,163
Seniority between 4-10 years	1,821	1,911
Seniority over 10 years	2,245	2,298
Total	**5,785**	**5,372**
Savings account outstandings	**789**	**784**
Total home savings accounts and plans	**6,618**	**5,896**

Home savings loans

	December 31, 2010	December 31, 2009
Outstanding home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	241	283

Provisions for home savings accounts and plans

	Opening balance	Net additions/ reversals	Other movements	Closing balance
On home savings accounts	20	(6)		14
On home savings plans	40			40
On home savings loans	9	(1)		8
Total	**69**	**(7)**		**62**

Analysis of provisions on housing savings plans by seniority

	Opening balance	Net additions/ reversals	Other movements	Closing balance
Seniority between 0-4 years	24			21
Seniority between 4-10 years	0			7
Seniority over 10 years	16			12
Total	**40**			**40**

Other costs, incl. past service	Actuarial gains (losses)	Payments to beneficiaries	Insurance premiums	Other	December 31, 2010
9	65	- 21		7	220
0	1	- 7	49	0	122
9	64	- 14	- 49	7	99

Home savings accounts (*comptes épargne logement*, CEL) and home savings plans (*plans épargne logement*, PEL) are products under 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 smilar, non-regulated products. This approach is based on homogenous 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, 2010 compared to the previous year is due to a downward revision of expected future interest rates (determined using a Cox-Ingersoll-Ross rate model or similar).

Note 22 Subordinated debt

	December 31, 2010	December 31, 2009
Subordinated notes	5,243	4,346
Non-voting loan stock	54	156
Perpetual subordinated notes	3,096	3,096
Other debt	130	127
Accrued interest	97	94
Total	**8,619**	**7,819**

Main subordinated debts issues

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

1. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
2. Non-amortizable, but redeemable at borrower's discretion with effect from May 28th, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
3. 6-month Euribor + 167 basis points.
4. 6-month Euribor + 107 basis points for the first 10 years; + 207 basis points for subsequent years, unless redeemed.
5. 3-month Euribor + 25 basis points.
6. 3-month Euribor + 665 basis points.
7. 1-year Euribor + 0.3 basis points.

Issue date	Amount issued	Amount at December 31, 2010	Rate	Maturity
June 29, 2001	€50m	€50m	5.40	June 29, 2011
July 19, 2001	€700m	€700m	6.50	July 19, 2013
Sept. 30, 2003	€800m	€800m	5.00	Sept. 30, 2015
May 28, 1985	€137m	€137m	[1]	[2]
June 30, 2006	€200m	€200m	[3]	No fixed maturity
June 30, 2006	€550m	€550m	[4]	No fixed maturity
	€1,600m	€1,600m		No fixed maturity
Dec. 28, 2005	€500m	€500m	[7]	No fixed maturity
Dec. 19, 2006	€1,000m	€1,000m	[5]	Dec. 19, 2016
Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
June 16, 2008	€300m	€300m	5.50	June 16, 2016
Oct. 17, 2008	€147m	€147m	[6]	No fixed maturity
Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Oct. 10, 2010	€1,000m	€1,000m	4.00	Oct. 22, 2020

Note 23 Shareholders' equity

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

	December 31, 2010	December 31, 2009
Capital stock, additional paid-in capital and reserves	1,880	1,880
– Capital	*1,302*	*1,302*
Premium relating to issue, transfer, merger, split, conversion	578	578
Consolidated reserves	*7,508*	*6,774*
– Regulated reserves	*7*	*7*
– Translation reserve	*6*	*- 40*
– Other reserves (including effects related to first application of standards)	*7,499*	*6,940*
– Retained earnings	*- 3*	*- 133*
Net income	1,405	808
Total	**10,793**	**9,462**

Note 23b Unrealized or deferred gains and losses

	December 31, 2010	December 31, 2009
Unrealized or deferred gains and losses * relating to:		
Available-for-sale assets		
– Equities	*375*	*433*
– Bonds	*- 673*	*- 443*
Cash flow hedging derivatives	- 89	- 43
Share of unrealized or deferred gains and losses of affiliates	29	19
Total	**- 358**	**- 34**
Attributable to equity holders of the parent company	*- 363*	*- 53*
Non-controlling interests	*5*	*19*

* Net of tax.

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

	Movements 2010	Movements 2009
Translation adjustments		
Reclassification in income	0	0
Other movements	0	- 23
Sub-total	**0**	**- 23**
Remeasurement of available-for-sale financial assets		
Reclassification in income	- 104	595
Other movements	- 196	668
Sub-total	**- 300**	**1,263**
Remeasurement of hedging derivatives		
Reclassification in income	0	0
Other movements	- 45	- 31
Sub-total	**- 45**	**- 31**
Share of unrealized or deferred gains and losses of affiliates	21	6
Total	**- 324**	**1,214**

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

	Movements 2010			Movements 2009		
	Gross amount	Tax Net	Net amount	Gross amount	Tax Net	Net amount
Translation adjustments	0	0	0	- 23	0	- 23
Remeasurement of available-for-sale financial assets	- 350	50	- 300	1,708	- 445	1263
Remeasurement of hedging derivatives	- 46	0	- 45	- 30	- 1	- 31
Share of unrealized or deferred gains and losses of affiliates	21	0	21	6		6
Total gains and losses recognized directly in shareholder's equity	**- 375**	**50**	**- 324**	**1660**	**- 446**	**1214**

Note 24 Commitments given and received

Commitments given

	December 31, 2010	December 31, 2009
Financing commitments		
To credit institutions	1,720	1,472
To customers	41,047	38,147
Guarantee commitments		
To credit institutions	5,061	4,198
To customers	9,035	12,381
Commitments on securities		
Other commitments given	879	1,155
Commitments given by Insurance business line	**291**	**301**

Commitments received

	December 31, 2010	December 31, 2009
Financing commitments		
From credit institutions	22,810	14,754
Guarantee commitments		
From credit institutions	27,679	19,715
From customers	4,826	5,672
Commitments received on securities		
Other commitments received	588	532
Commitments received by Insurance business line	**7,750**	**7,497**

Note 25 Interest income, interest expense and equivalent

	2010		2009	
	Income	Expense	Income	Expense
Credit institutions and central banks	2,961	- 2,287	4,174	- 3,475
Customers	9,463	- 3,845	9,288	- 3,697
– including finance leases and operating leases	*2,603*	*- 2,284*	*2,296*	*- 1,972*
Hedging derivatives	2,511	- 3,094	1,844	- 2,321
Available-for-sale financial assets	643		731	
Held-to-maturity financial assets	170		252	
Debt securities		- 1,584		- 2,050
Subordinated debt		- 106		- 244
Total	**15,748**	**- 10,915**	**16,289**	**- 11,787**

Note 26 Fees and commissions

	2010		2009	
	Income	Expense	Income	Expense
Credit institutions	15	- 4	5	- 6
Customers	876	- 7	838	- 14
Securities *– of which funds managed for third parties*	744 *509*	- 79	713 *491*	- 109
Derivatives	5	- 20	6	- 9
Foreign exchange	19	- 4	16	- 4
Financing and guarantee commitments	28	- 10	29	- 17
Services provided	1,411	- 719	1,359	- 690
Total	**3,098**	**- 843**	**2,965**	**- 850**

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

	2010	2009
Trading derivatives	- 149	584
Instruments accounted for under the fair value option	115	- 140
Ineffective portion of hedging instruments	56	- 59
– Cash flow hedges	2	- 1
– Fair value hedges	54	- 58
Change in fair value of hedged items	*30*	*608*
Change in fair value of hedging items	*24*	*- 666*
Foreign exchange gains (losses)	55	63
Total movements in fair value	**77**	**448**

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

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

	2009			
	Dividends	Realized gains (losses)	Impairment	Total
Government securities, bonds and other fixed-income securities		- 72	0	- 72
Equities and other variable-income securities	11	8	- 5	14
Long-term investments	56	- 1	- 39	16
Other	0	5	0	5
Total	**67**	**- 59**	**- 44**	**- 37**

Note 29 Income and expense from other activities

	2010	2009
Other income		
Insurance contracts	10,413	9,516
– *Earned premiums*	*8,670*	*7,613*
– *Net investment income*	*1,691*	*1,864*
– *Technical and non-technical income*	*53*	*39*
Investment property	1	1
– *Gains on disposal*	*1*	*1*
Other income	834	222
Sub-total	**11,248**	**9,740**
Other expense		
Insurance contracts	- 9,262	- 8,600
– *Paid benefits and claims*	*- 4,739*	*- 4,412*
– *Movements in provisions*	*- 4,546*	*- 4,182*
– *Technical and non-technical* expense	*22*	*- 6*
Investment property	- 19	- 17
– *Net movements in depreciation and provisions (based on the accounting method selected)*	*- 18*	*- 17*
– *Losses on disposal*	*- 1*	*0*
Other expenses	- 774	- 243
Sub-total	**- 10,056**	**- 8,860**
Other income and expens net	**1,192**	**880**

Note 30 Operating expenses

	2010	2009
Payroll costs	- 2,596	-2,291
Other expenses	- 2,315	- 2,156
Total	**- 4,911**	**- 4,447**

Note 30a Payroll costs

	2010	2009
Salaries and wages	- 1,656	- 1,492
Social security charges	- 647	- 521
Employee benefits	- 8	- 10
Incentive bonuses and profit-sharing	- 141	- 146
Payroll-related taxes	- 139	- 119
Other expenses	- 5	- 3
Total	**- 2,596**	**- 2,291**

◆ Average number of employees

	2010	2009
Banking staff	24,489	23,809
Management	13,218	12,762
Total	**37,707**	**36,571**
Analysis by country		
France	27,733	27,408
Rest of the world	9,974	9,163
Total	**37,707**	**36,571**

Includes 252 employees of Banco Popular Hipotecario, consolidated using the proportional method.

	2010	2009
Consolidated average number of employees (FTE)	37,707	36,571
Number of employees at end of period *	42,474	40,618

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

Note 30b Other operating expenses

	2010	2009
Taxes and duties	- 166	- 213
External services	- 1,862	- 1,717
Other miscellaneous expenses (transportation, travel, etc.)	10	11
Total	**- 2,017**	**- 1,920**

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

	2010	2009
Depreciation and amortization	- 296	- 236
– *Property and equipment*	*- 197*	*- 177*
– *Intangible assets*	*- 99*	*- 59*
Impairment provisions	- 1	- 1
– *Property and equipment*	*- 1*	*0*
– *Intangible assets*	*- 1*	*-1*
Total	**- 298**	**- 237**

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

◆ December 31, 2010

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

December 31, 2009

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 220	8	0	0	0	- 212
Customers	- 1,819	831	- 407	- 361	106	- 1,649
– Finance leases	*- 1*	*4*	*- 1*	*- 4*	*0*	*- 3*
– Other customer items	*- 1,818*	*828*	*- 405*	*- 358*	*106*	*- 1,647*
Sub-total	**- 2,039**	**840**	**- 407**	**- 361**	**106**	**- 1,861**
Held-to-maturity financial assets	0	102	- 105	0	0	- 4
Available-for-sale financial assets	0	105	- 95	- 14	0	- 4
Other	- 89	64	0	0	2	- 22
Total	**- 2,129**	**1,110**	**- 607**	**- 375**	**108**	**- 1,892**

Note 32 Net gain (loss) on disposals of other assets

	2010	2009
Property, equipment and intangible assets	8	3
– Losses on disposals	- 9	- 6
– Gains on disposals	17	10
Gain (loss) on consolidated securities sold	0	0
Total	**8**	**3**

Note 33 Change in value of goodwill

	2010	2009
Impairment of goodwill	- 45	- 124
Negative goodwill recognized in income	0	0
Total	**- 45**	**- 124**

Note 34 Income tax

◆ Breakdown of income tax expense

	2010	2009
Current taxes	- 737	- 498
Deferred taxes	114	13
Adjustments in respect of prior years	20	9
Total	**- 604**	**- 475**

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

	2010	2009
Taxable income	2,320	1,449
Theoretical tax rate	34.43%	34.43%
Theoretical tax expense	**- 799**	**- 499**
Impact of specific SCR and SICOMI tax regime	56	5
Impact of the reduced rate on long-term capital gains	34	16
Impact of specific tax rate of foreign entities	- 4	3
Permanent differences		
Other *	109	0
Income tax	**- 604**	**- 475**
Effective tax rate	**26.03%**	**32.79%**

* Of which €77 million relating to the new tax rate applicable to the capitalization reserve introduced by the French State Budget for 2011.

Note 35 Earnings per share

	2010	2009
Net income attributable to equity holders of the parent company	1,405	808
Number of shares at beginning of period	26,043,845	26,043,845
Number of shares at end of period	26,043,845	26,043,845
Weighted average number of shares	26,043,845	26,043,845
Basic earnings per share	53.93	31.02
Additional weighted average number of shares assuming full dilution	0	0
Diluted earnings per share	53.93	31.02

Note 36 Fair value of financial instruments entered into the accounts at the depreciated cost

The fair values presented are an estimate based on observable inputs at December 31, 2010. 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 CM5-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 liabil ities 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 a 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 transferrable 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, 2010.

	December 31, 2010		December 31, 2009	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	65,415	64,995	105,547	104,887
Loans and receivables due from customers	159,542	160,813	152,072	150,984
Held-to-maturity financial assets	8,926	9,189	7,672	7,743
Liabilities				
Amounts due to credit institutions	38,193	38,145	91,481	91,254
Amounts due to customers	116,325	114,662	105,649	102,875
Debt securities	94,646	94,320	86,969	86,089
Subordinated debt	8,619	9,176	7,819	7,933

Note 37 Related party transactions

Statement of financial position items relating to related party transactions

	December 31, 2010		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Assets			
Loans, advances and securities			
– *Loans and receivables due from credit institutions*	*0*	*0*	*2,351*
– *Loans and receivables due from customers*	*0*	*0*	*63*
– Securities	0	0	192
Other assets	0	0	0
Total	**0**	**0**	**2,607**
Liabilities			
Deposits			
– *Due to credit institutions*	*0*	*15*	*2,974*
– *Due to customers*	*0*	*0*	*58*
Debt securities	0	0	697
Other liabilities	0	0	304
Total	**0**	**15**	**4,033**
Financing commitments received	0	0	25
Guarantee commitments received	0	0	333

Income statement items relating to related party transactions

	December 31, 2010		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Interest received	11	0	116
Interest paid	0	0	- 63
Fee and commissions received	6	0	0
Fee and commissions paid	- 4	0	-15
Other income (expense)	- 4	0	- 153
General and administrative expense	- 265	0	0
Total	**- 255**	**0**	**- 116**

The Confédération Nationale included Crédit Mutuel's regional federations not associated with the CMCEE Group.
The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.
In the case of companies consolidated using the proportional method, the amounts include the proportion of intercompany transactions not eliminated on consolidation.

December 31, 2009			
Parent companies – CM5 Group	Companies consolidated using the equity method	Confédération Nationale	Parent companies – CM5 Group
43,130	*0*	*3,584*	*84,688*
0	*0*	*36*	*0*
95	0	419	27
0	0	0	0
43,225	**0**	**4,039**	**84,715**
12,966	*0*	*5,821*	*51,683*
0	*0*	*37*	*0*
4	0	831	0
1,250	0	266	1,250
14,220	**0**	**6,955**	**52,933**
0	0	0	0
265	0	54	245

December 31, 2009			
Parent companies – CM5 Group	Companies consolidated using the equity method	Confédération Nationale	Parent companies – CM5 Group
2,192	8	155	2,964
- 1,175	0	- 103	- 1,720
32	6	0	21
- 243	- 4	- 17	- 243
8	- 46	- 198	14
- 26	- 236	0	- 20
787	**- 271**	**- 162**	**1,016**

Relationships with the Group's key management

Consistent with the regulatory changes (CRBF Regulation 97-02) and compliance with professional recommendations, the Group's deliberative bodies, and in particular the Board of Directors of BFCM, made commitments in the area of remuneration for financial market professionals as well as remuneration for company officers and directors. These commitments were disclosed in filings with the AMF and in documents published on BFCM's web site.

Remuneration received by the BFCM Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC.

For each of these activities, remuneration includes a fixed and a variable portion. Remuneration is listed in the table below.

This remuneration is set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees. The fixed portion is determined on the basis of standard practices for positions of comparable responsibility. The variable portion is determined on a discretionary and lump sum basis.

During the year, the Group's officers and directors also received the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

The Group's officers and directors did not receive any other specific benefits.

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

Fixed and variable remuneration paid to BFCM's corporate officers and directors in 2010

Amounts in €	Source	Fixed portion	Variable portion
Etienne Pflimlin Chairman of the Board of Directors: BFCM	Crédit Mutuel	620,000	0
Michel Lucas Chief Executive Officer: BFCM President of the Executive Board: CIC	Crédit Mutuel	550,000 550,000	0

Moreover, following the changes in the company and board mandates and liquidation of retirement benefits for Michel Lucas and Etienne Pflimlin in 2010, the Board of Directors meeting of October 22, 2010 determined that the criteria and conditions for the payment of indemnities approved by the Board of Directors meeting of December 19, 2008 had been satisfied. As a result, the Board of Directors meeting of October 22, 2010 authorized the payoutof the stipulated indemnities, namely €815,452 to Etienne Pflimlin and €1,376,146 to Michel Lucas.

Note 38 Events after the reporting period and other information

The consolidated financial statements of the BFCM Group at December 31, 2010 were approved by the Board of Directors at its meeting of February 24, 2011.

Note 39 Exposure to risks

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

In-kind benefits	Employer contribution for supplementary benefits	Total 2010	Total 2009
3,650	6,491	630,141	756,099
5,298	5,481	560,779	563,017
	2,416	552,416	552,216

Note 40 Statutory auditors' fees

In € thousands	Ernst & Young			
	Amount 2010	Amount 2009	Percentage 2010	Percentage 2009
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*104*	*63*	*3%*	*2%*
– Fully consolidated subsidiaries	*2,706*	*2,955*	*88%*	*94%*
Other assignments and services directly related to the statutory audit				
– BFCM	*40*	*47*	*1%*	*1%*
– Fully consolidated subsidiaries	*117*	*6*	*4%*	*0%*
Sub-total	**2,967**	**3,071**	**97%**	**98%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*0*	*0*	*0%*	*0%*
– Other	*99*	*64*	*3%*	*2%*
Sub-total	**99**	**64**	**3%**	**2%**
Total	**3,066**	**3,135**	**100%**	**100%**

In € thousands	KPMG AUDIT			
	Amount 2010	Amount 2009	Percentage 2010	Percentage 2009
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*121*	*87*	*2%*	*2%*
– Fully consolidated subsidiaries	*2,888*	*2,545*	*55%*	*68%*
Other assignments and services directly related to the statutory audit				
– BFCM	*25*	*38*	*0%*	*1%*
– Fully consolidated subsidiaries	*235*	*19*	*4%*	*1%*
Sub-total	**3,269**	**2,689**	**63%**	**71%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*315*	*7*	*6%*	*0%*
– Other	*1,631*	*1,066*	*31%*	*28%*
Sub-total	**1,946**	**1,073**	**37%**	**29%**
Total	**5,215**	**3,762**	**100%**	**100%**

The total audit fees paid to statutory auditors which are not members of the network of one of the statutory auditors certifying the consolidated and individual financial statements of BFCM mentioned in the table above, amounted to €7,335 thousand for the 2010 financial year.

Report of the Statutory Auditors on the consolidated financial statements

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

KPMG Audit
A unit of KPMG S.A.
1, cours Valmy
92923 Paris La Défense Cedex

Statutory Auditor
Member of the Versailles regional
institute of accountants

ERNST & YOUNG and Others
41, rue Ybry
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S.A.S. à capital variable
(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM
Year ended December 31, 2010

Statutory auditors' report
on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December, 31, 2010 on:

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

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

I. Opinion on the consolidated financial statements

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

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2010 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

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:

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

• The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.

• The Group carried out impairment tests on goodwill which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the estimates which resulted, where relevant, in the recognition of provisions to cover said impairment losses.

• The Group records impairment losses and provisions to cover the credit and counterparty risks inherent to its business (Notes 1, 8, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the assessment of the risks of nonrecovery and their coverage by individual and collective impairment provisions.

• The company recognizes deferred tax assets, in particular for tax loss carry-forwards (Notes 1 and 13 to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

• The Group records provisions for employee benefit obligations (Notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

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

III. Specific verification

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

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

Paris-La Défense and Neuilly-sur-Seine, April 26, 2011
French original signed by
The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

Arnaud Bourdeille

ERNST & YOUNG and Others

Isabelle Santenac

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

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

Consolidated balance sheet

(in € millions)

Assets

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

◆ Liabilities and shareholder's equity

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

Consolidated income statement

(in € millions)

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

Earnings per share (in €)*	35	31.10	53.93

* Basic and diluted earnings per share were identical

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

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

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

Consolidated statement of cash flows

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

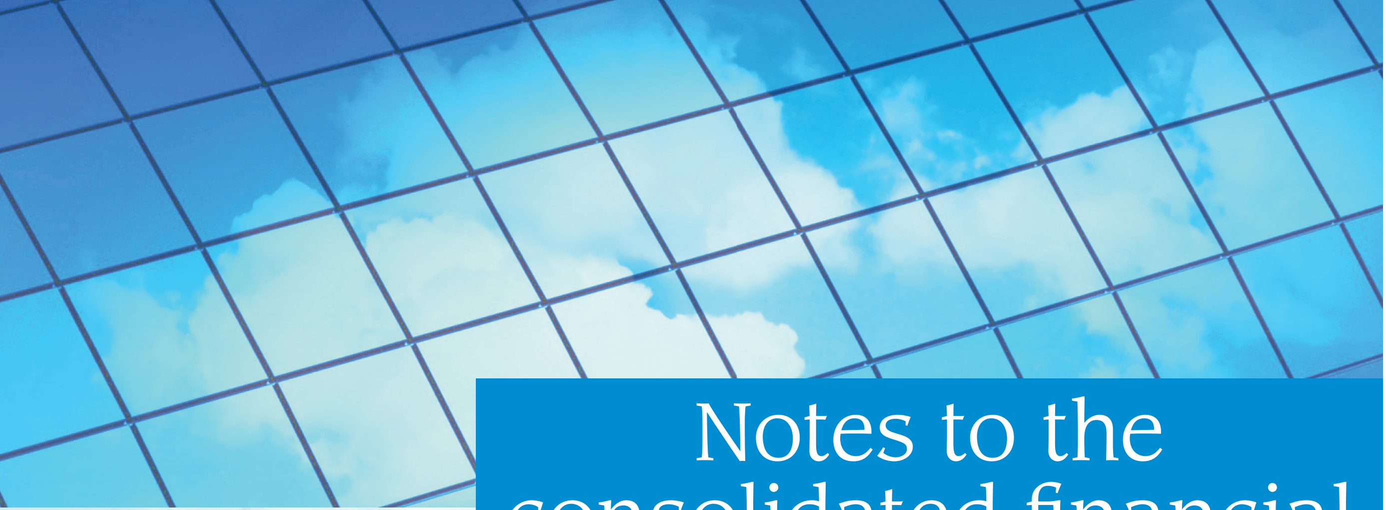
Consolidated statement of changes in shareholders' equity

(in € millions)

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

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

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



Notes to the consolidated financial statements

Note 1: Accounting principles and methods

Note 1.1 Accounting reference framework

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

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

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

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

Note 1.2 **Scope and basis of consolidation**

Scope of consolidation

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

The consolidation scope comprises:

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

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

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

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

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

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

◆ Changes in the scope of consolidation

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

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

Banking network and network subsidiaries: Banque Casino.

Insurance companies: Voy Mediacion, Atlancourtage.

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

– ***Mergers / acquisitions:***

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

– ***Removals from the scope of consolidation:***

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

Consolidation methods

The consolidation methods used are as follows:

◆ Full consolidation

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

◆ Proportionate consolidation

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

◆ **Consolidation using the equity method**

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

Closing date

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

Elimination of intercompany transactions

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

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

Translation of financial statements expressed in foreign currencies

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

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

Goodwill

◆ **Measurement differences**

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

◆ **Acquisition goodwill**

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

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

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

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

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

Non-controlling interests

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

Note 1.3 Accounting principles and methods

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

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

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

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

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

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

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

Note 1.3.1 Loans and receivables

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

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

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

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

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

◆ Individual impairment of loans

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

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

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

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

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

◆ Collective impairment of loans

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

Note 1.3.3 Leases

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

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

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

◆ Finance leases – lessor accounting

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

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

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

◆ Finance leases – lessee accounting

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

Note 1.3.4 Acquired securities

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

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

Classification

Financial instruments at fair value through profit or loss comprise:

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

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

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

c. represent derivatives not classified as hedges.

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

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

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

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

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

Basis for recognition and measurement of related income and expenses

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

Fair value or market value

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

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

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

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

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

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

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

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

Criteria for classification and rules of transfer

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

◆ Available for sale financial assets

Classification

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

Basis for recognition and measurement of related income and expenses

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

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

◆ Impairment of available-for-sale debt instruments

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

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

◆ Impairment of available-for-sale equity instruments

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

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

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

Criteria for classification and rules of transfer

Fixed-income securities may be reclassified:

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

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

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

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

◆ Held-to-maturity financial assets

Classification

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

Basis for recognition and measurement of related income and expenses

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

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

Impairment

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

Criteria for classification and rules of transfer

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

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

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

◆ Fair value hierarchy of financial instruments

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

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

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

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

◆ Derivatives and hedge accounting

Financial instruments at fair value through profit or loss – derivatives

A derivative is a financial instrument:

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

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

– which is settled at a future date.

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

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

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

Embedded derivatives

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

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

• the hybrid instrument is not measured at fair value through profit or loss;

• the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;

• the separate measurement of the embedded derivative is sufficiently reliable to provide useful information.

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

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

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

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

◆ Hedge accounting

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

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

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

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

Fair value hedging instruments

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

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

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

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

Fair value hedging instruments – interest rate risk

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

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

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

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

Cash flow hedging instruments

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

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

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

Reclassifications of debt instruments

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

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

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

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

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

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

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

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

Note 1.3.5 Debt represented by a security

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

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

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

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

Note 1.3.6 Subordinated debt

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

Note 1.3.7 Distinction between Debt and Shareholders' equity

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

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

Note 1.3.8 Provisions

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

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

The provisions made by the Group cover in particular:

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

Note 1.3.9 Amounts due to customers and credit institutions

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

◆ Regulated savings contracts

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

They generate two types of commitments for the distributing institution:

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

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

Note 1.3.10 Cash and cash equivalents

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

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

Note 1.3.11 Employee benefits

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

◆ Defined post-employment benefits

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

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

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

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

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

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

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

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

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

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

Supplementary benefits provided by pension funds

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

Other post-employment defined benefits

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

◆ Defined contribution post-employment benefits

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

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

◆ Long-term benefits

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

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

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

◆ Employee supplementary retirement plans

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

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

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

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

◆ Termination benefits

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

◆ Short-term benefits

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

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

Note 1.3.12 Insurance

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

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

◆ Assets

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

◆ Liabilities

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

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

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

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

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

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

◆ Income statement

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

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

Note 1.3.13 Property and equipment and intangible assets

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

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

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

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

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

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

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

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

The depreciation and amortization periods are:

Property and equipment:

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

Intangible fixed assets:

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

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

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

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

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

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

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

Note 1.3.14 Corporate income tax

This item includes all current or deferred income taxes.

Current income tax is calculated based on applicable tax regulations.

◆ Deferred taxes

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

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

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

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

They are not discounted.

Note 1.3.15 Interest paid by the French Government on some loans

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

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

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

Note 1.3.16 Financial guarantees and financing commitments given

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

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

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

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

Note 1.3.17 Foreign exchange transactions

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

◆ Monetary financial assets and liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

– the impairment of debt and equity instruments,

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

– the assessment of the active nature of certain markets;

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

– impairment tests performed on intangible fixed assets,

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

Notes to the consolidated financial statements

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

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

The Group's activities are as follows:

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

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

• Financing and capital markets covers:

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

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

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

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

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

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

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

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

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

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

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

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

2011

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

2010

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

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

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

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

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

* USA, Singapore, Tunisia and Morocco.

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

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

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

	December 31, 2010			
Total	France	Europe excluding France	Rest of the world *	Total
5,430	1,400	1,166	3,977	6,543
36,875	37,453	1,080	1,586	40,120
1,099	122	10	1	134
64,374	60,611	6,189	1,241	68,041
66,055	57,632	4,841	2,942	65,415
165,358	135,087	21,371	3,084	159,542
14,377	8,920	6	0	8,926
1,697	952	169	468	1,589
282	0	44	0	44
30,928	32,486	1,518	190	34,194
2,974	2,007	426	23	2,457
49,114	20,979	13,446	3,768	38,192
126,146	92,862	22,539	924	116,325
86,673	76,856	9,985	7,805	94,646

	2010			
Total	France	Europe excluding France	Rest of the world *	Total
7,753	6,126	2,011	343	8,481
- 4,935	- 3,507	- 1,330	- 74	- 4,911
2,818	**2,619**	**681**	**269**	**3,570**
- 1,336	- 432	- 602	- 180	- 1,214
108	- 23	- 12	33	- 2
1,590	**2,164**	**68**	**122**	**2,355**
1,050	1,558	71	121	1,751
817	**1,275**	**20**	**110**	**1,405**

Note 3 Scope of consolidation

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method*	% Control	% Interest	Method*
A. Banking network						
Banque de l'Economie du Commerce et de la Monétique	96	96	FC	96	96	FC
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
CIC Banque Nord Ouest	100	93	FC	100	93	FC
CIC Est	100	93	FC	100	93	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	93	FC
CIC Ouest	100	93	FC	100	93	FC
CIC Sud Ouest	100	93	FC	100	93	FC
Crédit Industriel et Commercial (CIC)	93	93	FC	93	93	FC
Targobank AG & Co. KGa A	100	100	FC	100	100	FC
Targobank Spain (former Banco Popular Hipotecario)	50	50	PC	50	50	PC
B. Banking network subsidaries						
Banca Popolare di Milano	7	6	EM	5	4	EM
Banque Casino	50	50	PC			NC
Banque de Tunisie	20	20	EM	20	20	EM
Banque Marocaine du Commerce Exterieur (BMCE)	25	25	EM	25	25	NC
C2C	100	43	FC	100	34	FC
CM-CIC Asset Management	74	73	FC	74	72	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Gestion	100	93	FC	100	93	FC
CM-CIC Home Loan SFH	100	100	FC	100	100	FC
CM-CIC Laviolette Financement	100	88	FC	100	93	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentina	66	28	FC	66	23	FC
Cofidis Belgium	100	43	FC	100	34	FC
Cofidis Spain			MER	100	34	FC
Cofidis France	100	43	FC	100	34	FC
Cofidis Italy	100	43	FC	100	34	FC
Cofidis Czech Republic	100	43	FC	100	34	FC
Cofidis Romania			NC	100	34	FC
Cofidis Slovakia	100	43	FC	100	34	FC
Creatis	100	43	FC	100	34	FC
Factocic	96	88	FC	85	79	FC
FCT CM-CIC Home Loans	100	100	FC	100	100	FC
Monabanq	100	43	FC	100	34	FC
Saint-Pierre SNC	100	93	FC	100	93	FC
SCI La Tréflière	46	46	EM	46	46	EM
SOFEMO – Société Fédérative Europ. de Monétique et de Financement	100	98	FC	100	98	FC
Sofim	100	93	FC	100	93	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	92	FC
Diversified Debt Securities	100	95	FC	100	95	NC

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
Divhold	100	95	FC	100	95	NC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	93	FC
Banque Transatlantique	100	93	FC	100	93	FC
Banque Transatlantique Belgium	100	92	FC	100	91	FC
Banque Transatlantique Luxembourg	90	86	FC	90	86	FC
Banque Transatlantique Singapore	100	93	FC	100	93	NC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking – Banque Pasche	100	93	FC	100	93	FC
CIC Switzerland	100	93	FC	100	93	FC
Dubly-Douilhet	63	58	FC	63	58	FC
GPK Finance			MER	100	93	FC
LRM Advisory SA	70	65	FC	70	65	FC
Pasche Bank & Trust Ltd Nassau	100	93	FC	100	93	FC
Pasche Finance SA Fribourg	100	93	FC	100	93	FC
Pasche Fund Management Ltd	100	93	FC	100	93	FC
Pasche International Holding Ltd	100	93	FC	100	93	FC
Pasche SA Montevideo	100	93	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	50	46	FC	52	48	FC
Serficom Family Office Inc	100	93	FC	100	93	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	52	48	FC	52	48	FC
Serficom Family Office SA	100	93	FC	100	92	FC
Serficom Investment Consulting (Shanghaï)	100	93	FC	100	93	FC
Serficom Maroc SARL	100	93	FC	100	93	FC
Transatlantique Gestion	100	93	FC	100	93	FC
Valeroso Management Ltd	100	93	FC	100	93	FC
E. Private equity						
CM-CIC Investissement (formerly Banque de Vizille)	100	92	FC	98	90	FC
CM-CIC Capital Finance (formerly CIC Finance)	100	93	FC	100	93	FC
CIC Investissement	100	93	FC	100	93	FC
CIC Vizille Participations			NC	100	90	FC
Financière Voltaire			MER	100	93	FC
Institut de Participations de l'Ouest (IPO)			MER	100	93	FC
IPO Ingénierie			MER	100	93	FC
Sudinnova	66	61	FC	63	57	FC
CM-CIC Conseil (formerly Vizille Capital Finance)	100	93	FC	100	90	FC
CM-CIC Capital Innovation (formerly Vizille Capital Innovation)	100	92	FC	100	90	FC
F. Logistics and holding compagny						
Adepi	100	93	FC	100	93	FC
Carmen Holding Investissement	84	84	FC	67	67	FC
CIC Migrations	100	93	FC	100	93	FC
CIC Participations	100	93	FC	100	93	FC
Cicor	100	93	FC	100	93	FC
Cicoval	100	93	FC	100	93	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de paiement	45	46	EM	45	46	EM

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method*	% Control	% Interest	Method*
Cofidis Participations	51	43	FC	51	34	FC
Efsa	100	93	FC	100	93	FC
Est Bourgogne Rhône-Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
France Est	100	98	FC			NC
Gesteurop	100	93	FC	100	93	FC
Gestunion 2	100	93	FC	100	93	FC
Gestunion 3	100	93	FC	100	93	FC
Gestunion 4	100	93	FC	100	93	FC
Groupe *Républicain Lorrain Communication* (GRLC)	100	100	FC	100	100	NC
Impex Finance	100	93	FC	100	93	FC
L'Est Républicain	92	91	FC			NC
Marsovalor	100	93	FC	100	93	FC
Pargestion 2	100	93	FC	100	93	FC
Pargestion 4	100	93	FC	100	93	FC
Placinvest	100	92	FC	100	92	FC
Société Civile de Gestion des Parts dans *l'Alsace*	50	50	FC	50	50	FC
Société Française d'Édition de Journaux et d'Imprimés Commerciaux (SFEJIC)	99	97	FC	100	97	FC
Sofiholding 2	100	93	FC	100	93	FC
Sofiholding 3	100	93	FC	100	93	FC
Sofiholding 4	100	93	FC	100	93	FC
Sofinaction	100	93	FC	100	93	FC
Targo Akademie GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	93	FC
Ugépar Service	100	93	FC	100	93	FC
Valimar 2	100	93	FC	100	93	FC
Valimar 4	100	93	FC	100	93	FC
VTP 1	100	93	FC	100	92	FC
VTP 5	100	93	FC	100	93	FC
G. Insurance companies						
ACM IARD	96	69	FC	96	69	FC
AGM GIE	100	72	FC	100	72	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Services	100	72	FC	100	72	FC
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Atlancourtage	100	72	FC			NC
Euro Protection Services			NC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
ICM Ré			NC	100	69	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	22	14	EM
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
Voy Mediacion	100	63	FC			NC

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
H. Other companies						
A. TELE	69	49	FC			NC
Affiches d'Alsace Lorraine	100	89	FC			NC
Agence Générale d'Informations Régionales	100	97	FC	49	49	EM
Alsace Média Participation	100	89	FC			NC
Alsacienne de Portage des DNA	100	89	FC			NC
Alsatic	80	71	FC			NC
Cime & Mag	100	97	FC	100	97	NC
CM-CIC Immobilier	100	100	FC			NC
Distripub	100	97	FC	100	97	NC
Darcy presse			NC	100	100	FC
Documents AP	100	100	FC	100	100	FC
Est Bourgogne Médias	100	100	FC			NC
Est imprimerie	100	97	FC	100	97	FC
Europe Régie	66	64	FC	66	64	FC
Foncière Massena	78	56	FC	78	56	FC
France Régie	100	89	FC			NC
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries – GRLI	100	100	FC	100	100	FC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC	100	100	FC
Interprint	100	100	FC	100	100	FC
Jean Bozzi Communication	100	100	FC	100	100	FC
Journal de la Haute Marne	50	46	EM			NC
La Liberte de l'Est	96	92	FC	49	49	EM
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC	100	97	NC
L'Alsace Magazines Editions – L'Ame	100	97	FC	100	97	NC
Le Bien Public			MER	100	100	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	100	89	FC			NC
Les Dernières Nouvelles de Colmar	100	89	FC			NC
Les Editions de l'Echiquier	100	97	FC	100	97	FC
Les Journaux de Saône-et-Loire			MER	100	100	FC
Lumedia	50	50	PC	50	50	PC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC	100	97	FC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publicité Moderne	100	91	FC			NC
Publiprint Dauphiné	100	100	FC	100	100	FC
Publiprint Province n° 1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC	100	100	FC
Républicain Lorrain – TV News	100	100	FC	100	100	FC
Républicain Lorrain Voyages	100	100	FC	100	100	FC
Roto Offset	100	97	FC	100	97	FC
SCI ADS	100	71	FC	100	71	FC
SCI Alsace	90	87	FC	90	87	FC
SCI Ecriture	100	97	FC	100	97	FC
SCI Gutenberg	100	100	FC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	100	100	FC

	December 31, 2011			December 31, 2010		
	% Control	% Interest	Method *	% Control	% Interest	Method *
SCI Roseau d'Or	100	97	FC	100	97	FC
SDV Plurimédia	20	19	EM			FC
Société Alsacienne de Presse et d'Audiovisuelle	60	53	FC			NC
Société de Presse Investissement	100	91	FC			NC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura	100	100	FC			NC
Société d'édition des hebdomadaires et périodiques locaux	100	100	FC	100	100	FC
Sofiliest	100	96	FC	49	49	EM
Top Est 88	100	46	FC			NC

* Method:
FC = Full consolidation.
EM = Equity method.
PC = Proportionate consolidation.
NC = Not consolidated.
MER = Merged.

Note 4 Cash, Central banks

Note 4a Loans and receivables due from credit institutions

	December 31, 2011	December 31, 2010
Cash, and amounts due from Central banks		
Due from Central banks	4,920	6,001
– including reserve requirements	*1,364*	*1,255*
Cash	510	542
Total	**5,430**	**6,543**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	3,114	2,401
Other current accounts	1,974	5,156
Loans	54,280	49,532
Other receivables	532	688
Securities not listed in an active market	3,672	4,681
Repurchase agreements	1,141	1,742
Individually impaired receivables	1,099	1,267
Accrued interest	553	297
Impairment provisions	- 310	- 350
Total	**66,055**	**65,415**

1. Mainly outstanding repayments – CDC (Caisse des Dépôts et Consignations) relating to LEP, LDD and Livret Bleu passbook savings accounts.

Note 4b Amounts due to credit institutions

	December 31, 2011	December 31, 2010
Due to central banks	**282**	**44**
Due to credit institutions		
Other current accounts	16,400	15,841
Borrowings	27,463	17,862
Other	2,597	369
Repurchase agreements	2,573	4,052
Accrued interest	81	69
Total	**49,397**	**38,237**

Note 5 Financial assets and liabilities at fair value through profit or loss

Note 5a Financial assets at fair value through profit or loss

	December 31, 2011			December 31, 2010		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	13,860	13,381	27,241	15,931	13,128	29,059
– Government securities	1,409	24	1,433	2,766	30	2,796
– Bonds and other fixed-income securities	11,977	2,875	14,852	11,994	3,446	15,440
Listed	*11,977*	*2,786*	*14,763*	*11,994*	*3,399*	*15,393*
Unlisted	*0*	*88*	*88*	*0*	*48*	*48*
– Equities and other variable-income securities	473	10,483	10,956	1,171	9,652	10,823
Listed	*473*	*8,774*	*9,247*	*1,171*	*8,095*	*9,266*
Unlisted	*0*	*1,709*	*1,709*	*0*	*1,557*	*1,557*
Trading derivative instruments	2,534	0	2,534	2,612	0	2,612
Other financial assets		7,100	7,100		8,448	8,448
– including resale agreements		*7,096*	*7,096*		*8,448*	*8,448*
Total	**16,394**	**20,481**	**36,875**	**18,543**	**21,577**	**40,120**

Note 5b Financial liabilities at fair value through profit or loss

	December 31, 2011	December 31, 2010
Financial liabilities held for trading	6,676	7,305
Financial liabilities at fair value by option through profit or loss	24,252	26,889
Total	**30,928**	**34,194**

Own credit risk is insignificant.

◆ Financial liabilities held for trading

	December 31, 2011	December 31, 2010
Short selling of securities	1,087	1,864
– Government securities	*0*	*1*
– Bonds and other fixed-income securities	*641*	*1,315*
– Equities and other variable-income securities	*447*	*548*
Trading derivative instruments	4,786	4,680
Other financial liabilities held for trading	802	760
Total	**6,676**	**7,305**

◆ Financial liabilities designated under the fair value option through profit or loss

	December 31, 2011			December 31, 2010		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	60	60	0	473	472	1
Interbank liabilities	23,577	23,564	13	25,265	25,259	6
Due to customers	615	615	0	1,151	1,151	0
Total	**24,252**	**24,239**	**13**	**26,889**	**26,882**	**7**

Note 5c Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	61,516	1,406	1,452	64,374
– Government and similar securities – AFS	*15,031*	*311*	*0*	*15,342*
– Bonds and other fixed-income securities – AFS	*40,970*	*1,064*	*567*	*42,601*
– Equities and other variable-income securities – AFS	*4,276*	*0*	*150*	*4,426*
– Investments in non-consolidated companies and other LT investments – AFS	*1,234*	*9*	*465*	*1,708*
– Investments in associates – AFS	*5*	*22*	*270*	*297*
Held for trading / Fair value by option (FVO)	21,527	12,246	2,756	36,875
– Government and similar securities – Held for trading	*1,094*	*315*	*0*	*1,409*
– Government and similar securities – FVO	*24*	*0*	*0*	*24*
– Bonds and other fixed-income securities – Held for trading	*8,985*	*2,075*	*917*	*11,977*
– Bonds and other fixed-income securities – FVO	*2,464*	*407*	*4*	*2,875*
– Equities and other variable-income securities – Held for trading	*459*	*0*	*14*	*473*
– Equities and other variable-income securities – FVO	*8,466*	*346*	*1,671*	*10,483*
– Loans and receivables due from credit institutions – FVO	*0*	*2,792*	*0*	*2,792*
– Loans and receivables due from customers – FVO	*0*	*4,308*	*0*	*4,308*
– Derivative instruments and other financial assets – Held for trading	*35*	*2,349*	*150*	*2,534*
Hedging derivative instruments	0	1,094	5	1,099
Total	**83,043**	**15,092**	**4,213**	**102,348**
Financial liabilities				
Held for trading / Fair value by option (FVO)	1,929	28,942	57	30,928
– Due to credit institutions – FVO	*0*	*23,577*	*0*	*23,577*
– Due to customers – FVO	*0*	*615*	*0*	*615*
– Debt securities – FVO	*0*	*60*	*0*	*60*
– Subordinated debt – FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities – Held for trading	*1,929*	*4,690*	*57*	*6,676*
Hedging derivative instruments	0	2,940	34	2,974
Total	**1,929**	**31,882**	**91**	**33,902**

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS 7:
– Level 1 instruments: valued using stock market prices. In the case of capital market activities, these include debt securities with prices quoted by at least four contributors and derivative instruments quoted on a regulated market.
– Level 2 instruments: measured using valuation techniques based primarily on observable inputs. In the case of capital market activities, these comprise debt securities with prices quoted by two to three contributors and derivative instruments traded over the counter, which are not included in level 3.
– Level 3 instruments: measured using valuation techniques based primarily on unobservable inputs. These involve unquoted equities, and, in the case of capital markets activities, debt securities quoted by a single contributor and derivative instruments valued using primarily unobservable parameters.

Outstanding amounts relating to Greek sovereign debt and designated as level 1 as of December 31, 2010 were transferred to level 2 as of December 31, 2011, as a result of revising the market value of a liquidity factor used for valuation.

Level 3 details

	Opening bal.	Purchases	Sales	Gains and losses recognized in profit	Other transactions	Closing bal.
Equities and other variable-income securities – FVO	1,569	429	- 383	40	16	1,671

Note 6 Hedging

Hedging

Note 6a

Hedging derivative instruments

	December 31, 2011		December 31, 2010	
	Assets	Liabilities	Assets	Liabilities
Cash Flow Hedges	5	44	4	45
Fair value hedges (change in value recognized through profit or loss)	1,094	2,930	130	2,412
Total	**1,099**	**2,974**	**134**	**2,457**

Note 6b

Remeasurement adjustment on interest-rate risk hedged investments

	Fair value December 31, 2011	Fair value December 31, 2010	Change in fair value
Fair value of interest-rate risk by investment category			
Financial assets	738	580	158
Financial liabilities	- 1,664	- 1,331	- 333

Note 6c

Analysis of derivative instruments

	December 31, 2011			December 31, 2010		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– Swaps	*365,377*	*1,540*	*3,987*	*381,936*	*1,724*	*3,650*
– Other forward contracts	*8,394*	*4*	*1*	*10,704*	*4*	*0*
– Options and conditional transactions	*32,490*	*116*	*121*	*48,423*	*213*	*258*
Foreign exchange derivative instruments						
– Swaps	*84,374*	*41*	*77*	*114,540*	*39*	*85*
– Other forward contracts	*17,422*	*172*	*116*	*15,737*	*121*	*101*
– Options and conditional transactions	*17,493*	*195*	*195*	*15,865*	*169*	*169*
Derivative instruments other than interest-rate and foreign exchange						
– Swaps	*16,567*	*372*	*242*	*22,289*	*286*	*347*
– Other forward contracts	*1,951*	*0*	*0*	*3,598*	*0*	*0*
– Options and conditional transactions	*788*	*95*	*48*	*1,624*	*56*	*70*
Sub-total	**544,856**	**2,534**	**4,786**	**614,714**	**2,612**	**4,680**
Hedging derivative instruments						
Fair value hedges						
– Swaps	*83,927*	*1,094*	*2,930*	*77,370*	*129*	*2,412*
– Other forward contracts	*0*	*0*	*0*	*0*	*0*	*0*
– Options and conditional transactions	*1*	*0*	*0*	*2*	*1*	*0*
Cash flow hedges						
– Swaps	*157*	*4*	*39*	*0*	*2*	*45*
– Other forward contracts	*0*	*0*	*4*	*0*	*0*	*0*
– Options and conditional transactions	*0*	*1*	*0*	*0*	*2*	*0*
Sub-total	**84,085**	**1,099**	**2,974**	**77,372**	**134**	**2,457**
Total	**628,941**	**3,634**	**7,760**	**692,086**	**2,745**	**7,137**

Note 7 Available-for-sale financial assets

Note 7a Available-for-sale financial assets

	December 31, 2011	December 31, 2010
Government securities	15,144	13,790
Bonds and other fixed-income securities	42,478	46,547
– Listed	*41,746*	*46,075*
– Unlisted	*732*	*472*
Equities and other variable-income securities	4,438	5,059
– Listed	*4,335*	*4,971*
– Unlisted	*104*	*88*
Long-term investments	1,988	2,328
– Investments in non-consolidated companies	*1,463*	*1,582*
– Other long-term investment	*242*	*375*
– Investments in associates	*280*	*371*
– Securities lent	*3*	*0*
Accrued interest	326	316
Total	**64,374**	**68,041**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 1,329*	*- 673*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*296*	*375*
Including impairment of bonds and other fixed-income securities	*- 684*	*- 82*
Including impairment of equities and other variable-income securities and long-term investments	*- 1,996*	*- 1,540*

Note 7b List of major investments in non-consolidated companies

		Percent interest	Equity	Total assets	NBI or revenue	Net income
Crédit logement	Unlisted	< 5%	1,452	9,477	181	87
CRH (Caisse de Refinancement de l'Habitat)	Unlisted	< 20%	208	42,846	2	0
Foncière des Régions	Listed	< 5%	6,028	14,701	751	871
Banco Popular Spain	Listed	< 5%	8,252	130,140	3,462	604
Veolia Environnement	Listed	< 5%	10,895	51,511	34,787	872

The figures above (excluding the percent of interest) relate to 2010.

Note 7c Exposure to sovereign risk

For several years now, Greece has been experiencing a crisis of confidence that made it impossible for the country to raise funds in the financial markets in order to balance its budget. In May 2010, the IMF and the eurozone countries approved a first-aid package of 110 billion euros, which was followed in July 2011 by a second package totaling nearly 160 billion euros. The latter included a Greek bond swap program, which was accessible to private investors on a voluntary basis (Private Sector Involvement). This mechanism has two purposes: to reduce the amount of Greece's debt and extend its maturity in order to bring the debt in line with the country's economic situation. Consequently, as at the June 30 interim reporting date, the Group recognized impairment losses on Greek sovereign securities that were maintained as at December 31, 2011, as the situation was still unstable. The impairment was reflected in the financial statements by the recognition in income, under the item "Net additions to/reversals from provisions for loan losses", of unrealized losses on securities classified as "available-for-sale".

The Group's Greek sovereign securities are classified either as held for trading or as available for sale and are stated at their fair value, which is established from observed market prices adjusted for issue-specific liquidity factors.

The financial conditions of the debt swap plan were set on February 21, 2012. They include a discount of 53.5%; the exchange of securities currently held by investors for securities issued by the Greek government for 31.5% of the nominal amount, with maturities ranging from 11 to 30 years and a weighted average interest rate of 3.65%, supplemented by other securities of the same nominal amount (amortizable over the period) giving investors the right to a coupon if the country's GDP growth rate exceeds certain thresholds; as well as short-term securities issued by the European Financial Stability Facility and amounting to 15% of the nominal amount.

Ireland and Portugal also benefited from aid packages from the European Union and the IMF when the deterioration in their public finances no longer allowed them to raise the funds they needed because the markets lacked confidence. At this time, the projected recovery of the debt of these two countries does not appear to be compromised and therefore does not warrant recognition of impairment.

Exposure to Greek sovereign risk

Net outstandings at December 31, 2011 *	Banking	Insurance	Total
Financial assets at fair value through profit or loss	22		22
Available-for-sale financial assets	171	11	182
Held-to-maturity financial assets		1	1
Total	**193**	**13**	**206**
Net banking income			- 58
Net additions to/reversals from provisions for loan losses			- 451
Total before tax			**- 509**
Total after tax			**- 330**

* Amounts are shown net of any insurance policyholder profit-sharing portion.

Other countries benefiting from aid packages

Net exposure at December 31, 2011 *	Portugal	Ireland
Financial assets at fair value through profit or loss	50	
Available-for-sale financial assets	104	99
Held-to-maturity financial assets		
Total	**154**	**99**

Residual contractual maturity	Portugal	Ireland
< 1 year	39	
1 to 3 years	20	
3 to 5 years	29	
5 to 10 years	59	94
> 10 years	7	5
Total	**154**	**99**

* Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.

Other sovereign risk exposures in the banking portfolio

Net exposure at December 31, 2011	Spain	Italy
Financial assets at fair value through profit or loss	131	99
Available-for-sale financial assets	130	4,396
Held-to-maturity financial assets		
Total	**261**	**4,495**

Residual contractual maturity	Spain	Italy
< 1 year	66	1,266
1 to 3 years	28	2,076
3 to 5 years	69	375
5 to 10 years	17	545
> 10 years	81	233
Total	**261**	**4,495**

Note 8 Customers

Note 8a Loans and receivables due from customers

	December 31, 2011	December 31, 2010
Performing loans	154,058	148,292
Commercial loans	5,081	4307
Other customer loans *– Home loans* *– Other loans and receivables, including resale agreements*	148,263 *63,311* *84,952*	143,222 *61,298* *81,923*
Accrued interest	343	346
Securities not listed in an active market	371	417
Insurance and reinsurance receivables	169	174
Individually impaired receivables	9,101	9,454
Gross receivables	**163,327**	**157,920**
Individual impairment	- 5,906	- 6,095
Collective impairment	- 437	- 341
Sub-total I	**156,985**	**151,483**
Finance leases (net investment)	8,515	8,188
Furniture and movable equipment	5,315	5,263
Real estate	3,019	2,748
Individually impaired receivables	181	177
Provisions for impairment	- 142	- 130
Sub-total II	**8,373**	**8,059**
Total	**165,358**	**159,542**
Of which non-voting loan stock *Of which subordinated notes*	*9* *12*	*28* *12*

◆ Finance leases with customers

	December 31, 2010	Acquisition	Sale	Other	December 31, 2011
Gross carrying amount	8,188	1,745	- 1,436	18	8,515
Impairment of irrecoverable rent	- 130	- 43	31	0	- 142
Net carrying amount	**8,059**	**1,702**	**- 1,405**	**17**	**8,373**

◆ Analysis of future minimum lease payments receivable under finance leases, by residual term

	< 1 year	> 1 year and < 5 years	> 5 years	Total
Future minimum lease payments receivable	2,736	4,507	1,708	8,951
Present value of future minimum lease payments receivable	2,560	4,300	1,694	8,554
Unearned finance income	**176**	**207**	**14**	**397**

Note 8b Amounts due to customers

	December 31, 2011	December 31, 2010
Regulated savings accounts	35,183	30,371
– Demand	*26,217*	*20,328*
– Term	*8,967*	*10,043*
Accrued interest on savings accounts	5	13
Sub-total	**35,188**	**30,384**
Demand deposits	44,367	44,606
Term accounts and loans	45,921	39,844
Repurchase agreements	151	684
Accrued interest	438	751
Insurance and reinsurance payables	81	56
Sub-total	**90,958**	**85,941**
Total	**126,146**	**116,325**

Note 9 Held-to-maturity financial assets

	December 31, 2011	December 31, 2010
Securities	14,442	8,935
– Government securities	*84*	*0*
– Bonds and other fixed-income securities	*14,357*	*8,935*
Listed	*9,436*	*8,906*
Unlisted	*4,921*	*30*
– Accrued interest	*13*	*2*
Gross total	**14,454**	**8,938**
Of which impaired assets	*109*	*25*
Provisions for impairment	- 78	- 12
Net total	**14,377**	**8,926**

Note 10 Movements in provisions for impairment

	December 31, 2010	Additions	Reversals	Other	December 31, 2011
Loans and receivables due from credit institutions	- 350	- 3	51	- 8	- 310
Loans and receivables due from customers	- 6,566	- 1,414	1,518	- 23	- 6,485
Available-for-sale securities	- 1,623	- 1,047	18	- 28	- 2,680
Held-to-maturity securities	- 12	- 66	0	0	- 78
Total	**- 8,550**	**- 2,530**	**1,587**	**- 60**	**- 9,553**

At December 31, 2011, provisions for loans and receivables due from customers amounted to €6,485 million (compared to €6,566 million at the end of 2010), of which collective provisions totaled €436 million. Individual provisions essentially relate to overdrawn current accounts, for €745 million (compared to €790 million at the end of 2010), and to provisions for commercial and other loans (including home loans) for €5.160 million (compared to €5.305 million at the end of 2010).

Note 11 Reclassification of financial instruments

In application of new accounting regulations and in the extraordinary circumstances of a completely disrupted market, on July 1, 2008 the Group reclassified €18.8 billion of investments from the trading securities portfolio into AFS (€16.1 billion) investments and Loans and receivables (€2.7 billion), as well as €6.5 billion of AFS investments into Loans and receivables (€5.9 billion) and HTM investments (€0.6 billion). No other reclassification has occurred since that date.

	December 31, 2011		December 31, 2010	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables portfolio	4,539	4,235	5,582	5,294
AFS portfolio	7,413	7,414	9,284	9,284

	December 31, 2011	December 31, 2010
Gains (losses) which would have been recognized at fair value through profit or loss if the assets had not been reclassified	- 184	140
Unrealized gains (losses) which would have been recognized directly in shareholders' equity if the assets had not been reclassified	47	- 139
Gains (losses) on reclassified assets, recognized in income (NBI and net additions to/reversals of provisions for loan losses)	- 8	20

Note 12 Exposures affected by the financial crisis

The exposures affected by the financial crisis are presented below.
The portfolios are carried at market value established on the basis of external inputs obtained from regulated markets, major brokers or, where no price was available, on the basis of comparable listed securities.

Summary	December 31, 2011	December 31, 2010
	Carrying amount	Carrying amount
RMBS	3,985	5,579
CMBS	366	458
CLO	1,543	1,887
Other ABS	897	849
CLO covered by CDS	721	833
Other ABS covered by CDS	28	49
Liquidity facilities	351	334
Total	**7,890**	**9,989**

Unless otherwise stated, securities are not covered by CDS.

Exposures at December 31, 2011	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,173	353	26	366	1,918
AFS	966	13	192	227	1,399
Loans	1,845	0	1,325	304	3,474
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
France	14	2	0	354	369
Spain	305	0	20	206	531
United Kingdom	413	30	0	52	496
Europe excluding France, Spain and United Kingdom	1,306	0	694	144	2,144
USA	1,795	320	828	121	3,064
Rest of the world	151	13	0	21	186
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
US Agencies	521	0	0	0	521
AAA	1,560	303	716	421	3,001
AA	187	30	737	107	1,062
A	242	23	51	98	413
BBB	145	2	26	121	294
BB	119	0	12	20	151
B or below	1,211	8	0	131	1,350
Not rated	0	0	0	0	0
Total	**3,985**	**366**	**1,543**	**897**	**6,791**

Exposures at December 31, 2010	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,819	306	23	343	2,491
AFS	1,835	147	29	287	2,298
Loans	1,925	5	1,835	219	3,984
Total	**5,579**	**458**	**1,887**	**849**	**8,773**
France	14	1	0	407	422
Europe excluding France	2,803	84	889	398	4,174
USA	2,366	291	998	0	3,655
Rest of the world	396	82	0	44	522
Total	**5,579**	**458**	**1,887**	**849**	**8,773**
US Agencies	1,075	0	0	0	1,075
AAA	2,984	346	1,070	601	5,001
AA	322	92	600	78	1,092
A	69	20	179	7	275
BBB	71	0	26	150	247
BB	43	0	12	13	68
B or below	1,015	0	0	0	1,015
Not rated	0	0	0	0	0
Total	**5,579**	**458**	**1,887**	**849**	**8,773**

Note 13 Corporate income tax

Note 13a Current income tax

	December 31, 2011	December 31, 2010
Asset (by income)	907	697
Liability (by income)	387	395

Note 13b Deferred income tax

	December 31, 2011	December 31, 2010
Asset (by income)	673	732
Asset (by shareholders' equity)	805	436
Liability (by income)	586	643
Liability (by shareholders' equity)	185	207

Breakdown of deferred income tax by major categories

	December 31, 2011		December 31, 2010	
	Asset	Liability	Asset	Liability
Temporary differences in respect of:				
– Deferred gains (losses) on available-for-sale securities	*805*	*185*	*436*	*207*
– Impairment provisions	*437*		*452*	
– Unrealized finance lease reserve		*136*		*112*
– Earnings of fiscally transparent (pass-through) companies		*4*		*4*
– Remeasurement of financial instruments	*860*	*161*	*603*	*286*
– Accrued expenses and accrued income	*114*	*952*	*52*	*616*
– Tax losses [1 2]	*123*		*244*	
– Insurance activities	*31*	*192*	*36*	*209*
– Other timing differences	*52*	*84*	*0*	*71*
Netting	- 944	- 944	- 655	- 655
Total deferred tax assets and liabilities	**1,478**	**771**	**1,168**	**850**

Deferred taxes are calculated using the liability method. For the French companies, the deferred tax rate is 36.10% (i.e., the standard tax rate).
1. Of which USA tax losses: €122 million in 2011 and €176 million in 2010.
2. Tax losses result in deferred tax assets inasmuch as their likelihood of realization is high.

Note 14 Accruals, other assets and other liabilities

Note 14a Accruals and other assets

	December 31, 2011	December 31, 2010
Accruals assets		
Collection accounts	317	346
Currency adjustment accounts	334	13
Accrued income	438	426
Other accruals	1,468	2,068
Sub-total	**2,557**	**2,854**
Other assets		
Securities settlement accounts	110	92
Guarantee deposits paid	7,645	6,154
Miscellaneous receivables	5,209	5,262
Inventories	14	11
Other	- 2	11
Sub-total	**12,978**	**11,530**
Other insurance assets		
Technical provisions, reinsurers' share	255	260
Other	81	79
Sub-total	**335**	**339**
Total	**15,870**	**14,723**

Note 14b Accruals and other liabilities

	December 31, 2011	December 31, 2010
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	452	463
Currency adjustment accounts	349	275
Accrued expenses	551	635
Deferred income	670	649
Other accruals	1,743	5,691
Sub-total	**3,764**	**7,713**
Other liabilities		
Securities settlement accounts	83	74
Outstanding amounts payable on securities	53	70
Other payables	3,546	2,409
Sub-total	**3,682**	**2,553**
Other insurance liabilities		
Deposits and guarantees received	150	163
Sub-total	**150**	**163**
Total	**7,596**	**10,429**

Note 15 Equity-accounted investments

Equity value and share of net income (loss)

		Percent interest
ACM Nord	Unlisted	49.00%
ASTREE Assurance	Listed	30.00%
Banca Popolare di Milano [1]	Listed	6.87%
Banque de Tunisie	Listed	20.00%
Banque Marocaine du Commerce Extérieur	Listed	24.64%
CMCP	Unlisted	
Euro Information	Unlisted	26.36%
RMA Watanya	Unlisted	22.02%
Royal Automobile-Club de Catalogne	Unlisted	48.99%
SCI Treflière	Unlisted	46.09%
Other	Unlisted	
Total		

1. Goodwill relating to BPM (€41 million) was written off in full during 2011.

December 31, 2011 Investment value	Share of net income (loss)	Percent interest	December 31, 2010 Investment value	Share of net income (loss)
19	3	49.00%	17	1
18	- 1	30.00%	21	3
191	- 31	4.84%	170	1
52	6	20.00%	49	7
831	21	24.64%	833	15
5	0		5	0
206	13	26.36%	191	12
298	16	22.02%	210	8
62	- 13	48.99%	77	- 14
11	1	46.09%	12	1
3	0		4	1
1,698	**15**		**1,589**	**35**

◆ Financial data published by the major equity-accounted entities

	Total assets	NBI or revenues	Net income
ACM Nord	149	125	8
ASTREE Assurance [1 2]	277	91	16
Banca Popolare di Milano [1]	54,053	322	111
Banque de Tunisie [1 2]	3,142	148	56
Banque Marocaine du Commerce Extérieur [1 3]	187,187	7,552	1,426
Euro Information	717	731	71
RMA Watanya [1 3]	222,247	4,448	2,240
Royal Automobile-Club de Catalogne	101	130	8

1. 2010 amounts. 2. In millions of Tunisian dinars. 3. In millions of Moroccan dirhams.

Banca Popolare di Milano S.C.a.r.l or "BPM"

During the first half of 2011, the Banca Popolare di Milano was asked by the regulatory authority, the Bank of Italy, to strengthen its capital. In response, BPM carried out a capital increase during the last quarter of 2011 at a new share price of 30 euro cents, to which the Group subscribed in proportion to its interest. This was followed, on December 29, by the early redemption in shares of convertible bonds issued in 2009.

After these two transactions, the total number of shares issued by BPM is 3,229,621,379 and the number of shares held by the Group is 222 million, representing a 6.87% equity interest as at December 31, 2011. At January 1, 2011, the Group's interest in BPM was 4.84%. The increase in the percentage of interest was due to the larger proportion of convertible bonds over shares held by the Group. The investment in BPM is accounted for using the equity method, as the CM10-CIC Group, which retains its position as a strategic partner to BPM's Board of Directors and is also a member of its Executive Committee and the Finance Committee, is deemed to exercise significant influence over the entity. The investment's carrying amount must therefore reflect the Group's share of BPM's net assets (IFRS), up to the value in use. This value was determined using the dividend discount method (DDM), which involves discounting over a long period of time future distributable profits, obtained from estimated earnings less the regulatory reserve needed for compliance with solvency ratio requirements.

The estimated earnings used were those presented in the October 28, 2011 stock offering prospectus (the latest data available). The discount rate was determined using the long-term, risk-free interest rate plus a risk premium taking into account the volatility of the BPM shares. The resulting value in use was 85 euro cents per BPM share. An analysis of sensitivity to key parameters used by the model, in particular the discount rate, shows that a 100 basis points increase in the discount rate would reduce the value in use by 13%.

Based on this valuation, the carrying amount of the equity-accounted investment reported in the financial statements was €191 million (net of any impairment losses). As a reminder, at December 31, 2011 the BPM closing price on the Milan stock exchange was 31 euro cents and at February 23, 2012 the opening price was 50 euro cents. The stock market value of the Group's interest in BPM was €69 million at December 31, 2011 and €111 million at February 23, 2012. As at September 30, 2011, BPM's total assets reported in the consolidated financial statements (IFRS) stood at €51,927 million and shareholders' equity amounted to €3,795 million, including net income for the first nine months of 2011 of €49 million.

On October 4, 2011, the Group sold its entire interest (6.49%) in Banca di Legnano DpA to BPM. After this transaction, BPM fully owned this subsidiary and subsequently merged it on February 11, 2012 with another subsidiary, Cassa di Risparmio di Alessandria SpA.

During 2011, the Group recognized in income, in addition to its €2 million share of BPM's net income for the year, the loss arising from the redemption of convertible bonds, the accretion effect of the increase in the percentage of its equity interest, the resulting impairment of the investment's value in use and the result of the disposal of Banca di Legnano shares, namely a loss of €73 million. Of this amount, - €42 million was recorded in NBI and - €31 million in "Share of net income (loss) of affiliates".

Note 16 Investment Property

	December 31, 2010	Additions	Disposals	Other movements	December 31, 2011
Historical cost	948	113	- 11	- 1	1,050
Accumulated depreciation and impairment losses	- 158	- 23	1	0	- 181
Net amount	**791**	**90**	**- 10**	**- 2**	**869**

The fair value of investment property carried at amortized cost was €1,187 million at December 31, 2011.

Note 17 Property, equipment and intangible assets

Note 17a Property and equipment

	December 31, 2010	Additions	Disposals	Other movements	December 31, 2011
Historical cost					
Land used in operations	370	1	- 2	13	382
Buildings used in operations	2,513	108	- 32	93	2,680
Other property and equipment	1,221	68	- 78	39	1,250
Total	**4,103**	**177**	**- 112**	**145**	**4,313**
Accumulated depreciation and impairment losses					
Land used in operations	- 1	0	0	- 2	- 3
Buildings used in operations	- 1,293	- 128	28	- 37	- 1,430
Other property and equipment	- 844	- 64	59	- 60	- 909
Total	**- 2,138**	**- 192**	**87**	**- 99**	**- 2,342**
Net amount	**1,965**	**- 15**	**- 26**	**46**	**1,971**
Total	**0**	**0**	**0**	**0**	**0**

Note 17b Intangible assets

	December 31, 2010	Additions	Disposals	Other movements	December 31, 2011
Historical cost					
Internally developed intangible assets	14	1	- 1	0	15
Purchased intangible assets	1,245	45	- 30	65	1,325
– sofware	*463*	*22*	*- 10*	*2*	*476*
– other	*782*	*23*	*- 20*	*64*	*849*
Total	**1,260**	**46**	**- 31**	**65**	**1,341**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 325	- 127	16	- 2	- 439
– software	*- 192*	*- 64*	*8*	*0*	*- 248*
– other	*- 132*	*- 63*	*7*	*- 2*	*- 190*
Total	**- 325**	**- 127**	**16**	**- 2**	**- 439**
Net amount	**935**	**- 81**	**- 15**	**63**	**902**

Note 18 Goodwill

	December 31, 2010	Acquisitions	Disposals	Other movements	December 31, 2011
Goodwill, gross	4,265	120		0	4,385
Accumulated impairment losses	- 169	0	- 4	- 9	- 182
Goodwill, net	**4,096**	**120**	**- 4**	**- 9**	**4,203**

Subsidiaries	Goodwill at December 31, 2010	Acquisitions	Disposals	Impairment charges/ reversals	Goodwill at December 31, 2011
Targobank Germany	2,757	5			2,763
Crédit Industriel et Commercial (CIC)	506				506
Cofidis Participations	378				378
Targobank Spain (former Banco Popular Hipotecario)	183				183
CIC Private Banking – Banque Pasche	52	1.2			53
Bank Casino [a]	0	27			27
CM-CIC Investissement	21				21
Monabanq	17				17
CIC Iberbanco	15				15
Banque de Luxembourg	13				13
Banque Transatlantique	6				6
Transatlantique Gestion	5				5
Other [b]	143	86	- 4	- 9	216
Total	**4,096**	**120**	**- 4**	**- 9**	**4,204**

a. Consolidated for the first time in 2011.
b. Including Est Républicain, consolidated for the first time in 2011.

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:
– verifying that the price used for the most recent transaction is above the carrying amount, or
– verifying that the valuation assumptions at the acquisition date are still valid.

Note 19 Debt securities

	December 31, 2011	December 31, 2010
Retail certificates of deposit	101	84
Interbank instruments and money market securities	46,584	63,206
Bonds	38,871	30,688
Accrued interest	1,117	668
Total	**86,673**	**94,646**

Note 20 Insurance companies' technical provisions

	December 31, 2011	December 31, 2010
Life	47,709	46,655
Non-life	2,083	2,015
Unit of account	5,916	6,579
Other	199	193
Total	**55,907**	**55,442**
Of which deferred profit-sharing liability	*1,424*	*2,623*
Deferred profit-sharing asset	0	0
Reinsurers' share of technical reserves	255	260
Total – Net technical provisions	**55,652**	**55,182**

Note 21 Provisions

	December 31, 2010	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	December 31, 2011
Provisions for risks	**440**	**62**	**- 83**	**- 60**	**- 5**	**354**
Signature commitments	137	40	- 9	- 42	0	126
Financing and guarantee commitments	1	0	- 1	0	0	0
On country risks	20	0	- 2	0	0	18
Provision for taxes	119	6	- 56	0	- 4	65
Provisions for claims and litigation	132	13	- 5	- 15	- 2	123
Provision for risks on miscellaneous receivables	30	3	- 10	- 3	2	22
Other provisions	**772**	**114**	**- 114**	**- 112**	**- 26**	**635**
Provisions for home savings accounts and plans	62	0	- 5	- 15	1	43
Provisions for miscellaneous contingencies	432	48	- 97	- 72	3	314
Other provisions	279	66	- 12	- 25	- 30	278
Provisions for retirement benefits [1]	**208**	**61**	**- 17**	**- 7**	**132**	**376**
Retirement benefits defined benefit and equivalent, excluding pension funds						
Retirement bonuses [2]	99	48	- 12	- 1	127	261
Supplementary retirement benefits	66	10	- 4	- 3	- 1	68
Long service awards (other long-term benefits)	30	2	- 1	- 1	6	36
Sub-total to statement of financial position	**194**	**61**	**- 17**	**- 5**	**131**	**365**
Supplementary retirement benefit defined benefit, provided by Group's pension funds						
Provisions for pension fund shortfalls [3] *Fair value of plan assets*	13	0	0	- 2	- 2	11
Sub-total to statement of financial position	**13**	**0**	**0**	**- 2**	**- 2**	**11**
Total	**1,420**	**237**	**- 214**	**- 179**	**101**	**1,365**

Assumptions

	2011	2010
Discount rate [4]	4.7%	4.0%
Annual increase in salaries [5]	Minimum 1.8%	Minimum 1.5%

1. Employee-related liability amounts as at December 31, 2010 which were covered by insurance contracts within the Group were reclassified from "Insurance technical provisions" to "Provisions".
2. For the French banks, the provision for retirement bonuses equals the difference between the obligation and the amount insured with ACM (insurance companies of the CM5-CIC Group).
3. The provision for pension fund shortfalls only covers foreign entities.
4. The discount rate used is the yield on long-term bonds issued by leading companies, estimated based on the IBOXX index.
5. The annual increase in salaries is the estimate of cumulative future salary inflation. Since 2010, it is also based on the age of the employees.

Movements in provision for retirement bonuses

	December 31, 2010	Discounted amount	Financial income	Cost of services performed
Commitments	285	8		20
Amortization	- 64			
Insurance contract	2		0	
Provisions	219	8	0	20

Provisions for home savings accounts and plans signature risk

	December 31, 2011	December 31, 2010
Home savings plan outstandings		
Seniority under 10 years	3,848	3,540
Seniority over 10 years	2,103	2,245
Total	**5,951**	**5,785**
Savings account outstandings	**642**	**789**
Total home savings accounts and plans	**6,593**	**6,573**

Home savings loans

	December 31, 2011	December 31, 2010
Outstandings home savings loans recognized in statement of financial position (amount used to calculate risk provisions)	206	241

Provisions for home savings accounts and plans

	Opening balance	Net additions /reversals	Other movements	Closing balance
On home savings accounts	14	1		15
On home savings plans	40	- 18		22
On home savings loans	8	- 2		6
Total	**62**	**- 19**		**43**

Analysis of provisions on home savings plans by seniority

	Opening balance	Net additions /reversals	Other movements	Closing balance
Seniority under 10 years	28	- 16		12
Seniority over 10 years	12	- 2		10
Total	**40**	**- 18**		**22**

Other costs, incl. past service	Actuarial gains (losses)	Payment to beneficiaries	Insurance premiums	Other	December 31, 2011
4	15	- 26		10	317
11					- 53
0	0	0	0	1	3
15	15	- 26	0	9	261

Home savings accounts (comptes épargne-logement, CEL) and home savings plans (plans épargne-logement, PEL) are French regulated savings products, allowing individual customers to invest over time in an interest bearing account giving subsequent entitlement to a home loan. These products place a two fold commitment on the distributor:

– a commitment to provide a return to depositors on amounts invested: fixed-rate for PEL and variable-rate (periodically reviewed based on benchmark indexes) for CEL,

– a commitment to lend to those customers on demand, on predetermined terms (for both CEL and PEL).

The commitments have been estimated on the basis of customer statistical behavior and market inputs.

A provision is established in the liabilities section of the statement of financial position to cover potential future costs arising from unfavorable conditions relating to these products, on the basis of interest rates offered to individual customers by similar, non-regulated products. This approach is based on homogeneous generations of regulated terms for PEL. The impact on income is recognized as "interest due to customers".

The decrease in the provisions for risks at December 31, 2011 compared to the previous year is due to a downward revision of expected future interest rates (determined using a Cox-Ingersoll-Ross rate model or similar).

Note 22 Subordinated debt

	December 31, 2011	December 31, 2010
Subordinated notes	5,005	5,243
Non-voting loan stock	39	54
Perpetual subordinated notes	2,863	3,096
Other debt	19	130
Accrued interest	99	97
Total	**8,025**	**8,619**

Main subordinated debt issues

In € millions	Type
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
CIC	Non-voting loan stock
CIC	Perpetual subordinated note
CIC	Perpetual subordinated note
Banque Fédérative du Crédit Mutuel	Loan
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note

1. Amounts net of intra-Group balances.
2. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
3. Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
4. 6-month Euribor + 167 basis points.
5. 6-month Euribor + 107 basis points for the first 10 years and + 207 basis points for subsequent years, unless redeemed.

Issue date	Amount issued	Amount at December 31, 2011 [1]	Rate	Maturity
July 19, 2001	€700m	€700m	6.50	July 19, 2013
Sept. 30, 2003	€800m	€800m	5.00	Sept. 30, 2015
Dec.18, 2007	€300m	€300m	5.10	Dec. 18, 2015
June 16, 2008	€300m	€300m	5.50	June 16, 2016
Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Dec. 6, 2011	€1,000m	€1,000m	5.30	Dec. 6, 2018
Oct. 22, 2010	€1,000m	€1,000m	4.00	Oct. 22, 2020
May 28, 1985	€137m	€21m	[2]	[3]
June 30, 2006	€200m	€200m	[4]	No fixed maturity
June 30, 2006	€550m	€550m	[5]	No fixed maturity
Dec. 28, 2005	€500m	€500m	[6]	No fixed maturity
Dec. 15, 2004	€750m	€750m	[7]	No fixed maturity
Feb. 25, 2005	€250m	€250m	[8]	No fixed maturity
April 28, 2005	€600m	€393m	[9]	No fixed maturity
Oct. 17, 2008	€147m	€147m	[10]	No fixed maturity

6. 1-year Euribor + 0.3 basis points.
7. 10-year CMSIDA CIC + 10 basis points.
8. 10-year CMSIDA + 10 basis points.
9. Fixed-rate 4.471 until October 10, 2015 and thereafter 3-month Euribor + 185 basis points.
10. 3-month Euribor + 665 basis points.

Note 23 Shareholders' equity

Note 23a Shareholders' equity, Group share (excluding unrealized or deferred gains or losses)

	December 31, 2011	December 31, 2010
Capital stock and additional paid-in capital and reserves	2,061	1,880
– *Capital*	*1,325*	*1,302*
– *Premium relating to issue, transfer, merger, split, conversion*	*736*	*578*
Consolidated reserves	8,824	7,508
– *Regulated reserves*	*7*	*7*
– *Translation reserves*	*20*	*6*
– *Other reserves (including effects related to first application of standards)*	*8,799*	*7,499*
– *Retained earnings*	*- 3*	*- 3*
Net income	817	1,405
Total	**11,701**	**10,793**

Note 23b Unrealized or deferred gains and losses

	December 31, 2011	December 31, 2010
Unrealized or deferred gains and losses * relating to:		
Available-for-sale financial assets		
– *Equities*	*296*	*375*
– *Bonds*	*- 1,329*	*- 673*
Cash flow hedges	- 105	- 89
Share of unrealized or deferred gains and losses of associates	16	29
Total	**- 1,122**	**- 358**
Attributable to the Group	*- 1,078*	*- 363*
Non-controlling interests	*- 44*	*5*

* Net of tax.

Note 23c Recycling of gains and losses recognized directly in equity

	Movements 2011	Movements 2010
Translation adjustements		
Other movements	- 5	0
Sub-total	**- 5**	**0**
Remeasurement of available-for-sale financial assets		
Reclassification in income	216	- 104
Other movements	- 946	- 196
Sub-total	**- 730**	**- 300**
Remeasurement of hedging derivative instruments		
Reclassification in income	0	0
Other movements	- 16	- 45
Sub-total	**- 16**	**- 45**
Share of unrealized or deferred gains and losses of associates	- 13	21
Total	**- 764**	**- 324**

Note 23d Tax on components of gains and losses recognized directly in equity

	Changes 2011			Changes 2010		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	- 5	0	- 5	0	0	0
Remeasurement of available-for-sale financial assets	- 1,092	361	- 730	- 350	50	- 300
Remeasurement of hedging derivative instruments	- 19	2	- 16	- 46	0	- 45
Share of unrealized or deferred gains and losses of associates	- 13	0	- 13	21	0	21
Total gains and losses recognized directly in shareholders' equity	**- 1,128**	**364**	**- 764**	**- 375**	**50**	**- 324**

Note 24 Commitments given and received

Commitments given

	December 31, 2011	December 31, 2010
Financing commitments		
To credit institutions	1,622	1,720
To customers	40,578	41,047
Guarantee commitments		
To credit institutions	2,257	5,061
To customers	13,188	9,035
Commitments on securities		
Other commitments given	429	879
Commitments given by insurance business line	**285**	**291**

Commitments received

	December 31, 2011	December 31, 2010
Financing commitments		
From credit institutions	20,665	22,810
Guarantee commitments		
From credit institutions	28,589	27,679
From customers	5,669	4,826
Commitments on securities		
Other commitments received	20	588
Commitments received by insurance business line	**6,735**	**7,750**

Assets pledged as collateral for liabilities

	December 31, 2011	December 31, 2010
Loaned securities	5	0
Security deposits on market transactions	7,645	6,154
Securities sold under repurchase agreements	26,645	30,211
Total	**34,295**	**36,364**

Note 25 Interest income, interest expense and equivalent

	December 31, 2011		December 31, 2010	
	Income	Expense	Income	Expense
Credit institutions and central banks	1,854	- 1,406	2,961	- 2,287
Customers	9,833	- 4,359	9,463	- 3,845
– *of which finance leases and operating leases*	*2,683*	*- 2,361*	*2,603*	*- 2,284*
Hedging derivative instruments	2,193	- 2,416	2,511	- 3,094
Available-for-sale financial assets	772		643	
Held-to-maturity financial assets	192		170	
Debt securities		- 2,174		- 1,584
Subordinated debt		- 113		- 106
Total	**14,844**	**- 10,468**	**15,748**	**- 10,915**

Note 26 Fees and commissions

	December 31, 2011		December 31, 2010	
	Income	Expense	Income	Expense
Credit institutions	5	- 4	15	- 4
Customers	878	- 11	876	- 7
Securities	702	- 87	744	- 79
– *of which funds managed for third parties*	*476*		*509*	
Derivative instruments	4	- 13	5	- 20
Foreign exchange	17	- 3	19	- 4
Financing and guarantee commitments	27	- 6	28	- 10
Services provided	1,200	- 718	1,411	- 719
Total	**2,833**	**- 841**	**3,098**	**- 843**

Note 27 Net gains (loss) on financial instruments at fair value through profit or loss

	December 31, 2011	December 31, 2010
Trading derivative instruments	127	- 149
Instruments designated under the fair value option [1]	- 124	115
Ineffective portion of hedging instruments	- 31	56
– Cash flow hedges	0	2
– Fair value hedges	- 31	54
Change in fair value of hedged items	*- 20*	*- 388*
Change in fair value of hedging items	*- 12*	*442*
Foreign exchange gains (losses)	52	55
Total changes in fair value	**24**	**77**

1. Of which €98 million relating to the Private Equity business line.

Note 28 Net gains (loss) on available-for-sale financial assets

	December 31, 2011			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		15	0	15
Equities and other variable-income securities	9	15	- 40	- 15
Long-term investments	68	30	- 103	- 5
Other	0	- 81	0	- 81
Total	**77**	**- 20**	**- 143**	**- 86**

	December 31, 2010			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		91	0	91
Equities and other variable-income securities	7	12	- 19	0
Long-term investments	48	9	- 27	29
Other	0	2	0	2
Total	**55**	**114**	**- 46**	**123**

Note 29 Other income and expense

	December 31, 2011	December 31, 2010
Income from other activities		
Insurance contracts	8,431	10,413
Investment property	1	1
– *Gains on disposals*	*0*	*1*
Other income	851	834
Sub-total	**9,344**	**11,248**
Expenses on other activities		
Insurance contracts	- 7,304	- 9,262
Investment property	- 21	- 19
– *Net movements in depreciation, amortization and impairment (based on the accounting method selected)*	*- 20*	*- 18*
– *Losses on disposals*	*- 1*	*- 1*
Other expenses	- 573	- 774
Sub-total	**- 7,898**	**- 10,056**
Other income and expense net	**1,446**	**1,192**

◆ Net income from the insurance business line

	December 31, 2011	December 31, 2010
Earned premiums	7,642	8,670
Claims and benefits expenses	- 5,413	- 4,739
Movements in provisions	- 1,911	- 4,546
Other technical and non-technical income and expense	68	75
Net investment income	741	1,691
Total	**1,127**	**1,151**

Note 30 General operating expenses

	December 31, 2011	December 31, 2010
Payroll costs	- 2,650	- 2,596
Other operating expenses	- 2,285	- 2,315
Total	**- 4,935**	**- 4,911**

Note 30a Payroll costs

	December 31, 2011	December 31, 2010
Salaries and wages	- 1,730	- 1,656
Social security contributions	- 669	- 647
Employee benefits	- 7	- 8
Incentive bonuses and profit-sharing	- 94	- 141
Payroll taxes	- 148	- 139
Other expenses	- 3	- 5
Total	**- 2,650**	**- 2,596**

Number of employees

	December 31, 2011	December 31, 2010
Average number of employees		
Banking staff	26,294	24,489
Management	13,929	13,218
Total	**40,223**	**37,707**
Analysis by country		
France	29,789	27,733
Rest of the world	10,434	9,974
Total	**40,223**	**37,707**

Includes 275 employees of Targobank Spain and 91 employees of Banque Casino, consolidated using the proportional method.

	December 31, 2011	December 31, 2010
Number of employees at end of period *	**42,901**	**40,403**

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at December 31. In contrast, the consolidated average number of employees (full-time equivalent, or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

Note 30b Other operating expenses

	December 31, 2011	December 31, 2010
Taxes and duties	- 205	- 166
External services	- 1,811	- 1,862
Other miscellaneous expenses (transportation, travel, etc.)	15	10
Total	**- 2,001**	**- 2,017**

Note 30c Depreciation, amortization and impairment of property, equipment and intangible assets

	December 31, 2011	December 31, 2010
Depreciation and amortization	- 284	- 296
– Property and equipment	*- 194*	*- 197*
– Intangible assets	*- 90*	*- 99*
Impairment losses	0	- 1
– Property and equipment	*0*	*- 1*
– Intangible assets	*0*	*- 1*
Total	**- 284**	**- 298**

Note 31 Net additions to/reversals from provisions for loan losses

◆ December 31, 2011

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 3	51	0	0	0	48
Customers	- 1,346	1,383	- 680	- 359	106	- 896
– Finance leases	*- 10*	*6*	*- 3*	*- 6*	*0*	*- 13*
– Other customer items	*- 1,336*	*1,377*	*- 676*	*- 353*	*106*	*- 883*
Sub-total	**- 1,349**	**1,434**	**- 680**	**- 359**	**106**	**- 848**
Held-to-maturity financial assets	- 2	0	0	0	0	- 2
Available-for-sale financial assets [1]	- 461	1	- 40	- 50	44	- 506
Other	- 44	67	- 2	0	0	20
Total	**- 1,856**	**1,502**	**- 722**	**- 409**	**150**	**- 1,336**

1. Includes €451 million impairment losses on Greek sovereign debt (see Note 7c).

◆ December 31, 2010

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recoveries on loans written off in previous years	Total
Credit institutions	- 131	321	- 116	- 1	0	73
Customers	- 1,530	1,317	- 507	- 535	63	- 1,193
– Finance leases	*- 3*	*2*	*- 2*	*- 5*	*1*	*- 6*
– Other customer items	*- 1,527*	*1,315*	*- 505*	*- 530*	*61*	*- 1,187*
Sub-total	**- 1,661**	**1,638**	**- 623**	**- 536**	**63**	**- 1,120**
Held-to-maturity financial assets	- 12	0	0	0	0	- 12
Available-for-sale financial assets	0	1	- 83	- 38	0	- 120
Other	- 70	144	- 37	0	1	37
Total	**- 1,742**	**1,783**	**- 743**	**- 574**	**63**	**- 1,214**

Note 32 Gains (losses) on other assets

	December 31, 2011	December 31, 2010
Property, equipment and intangible assets	102	8
– *Losses on disposals*	- 8	- 9
– *Gains on disposals*	110	17
Gains (loss) on consolidated securities sold	0	0
Total	**102**	**8**

Note 33 Change in value of goodwill

	December 31, 2011	December 31, 2010
Impairment of goodwill	- 9	- 45
Negative goodwill recognized in income	0	0
Total	**- 9**	**- 45**

Note 34 Corporate income tax

Breakdown of income tax expense

	December 31, 2011	December 31, 2010
Current taxes	- 479	- 737
Deferred taxes	- 79	114
Adjustments in respect of prior years	17	20
Total	**- 541**	**- 604**

Reconciliation between the income tax expense recognized in the financial statements and the theoretical income tax expense

	December 31, 2011	December 31, 2010
Taxable income	1,575	2,320
Theoretical tax rate	36.10%	34.43%
Theoretical tax expense	**- 568**	**- 799**
Impact of specific SCR and SICOMI tax rules	18	56
Impact of changes in deferred tax rates	30	
Impact of the reduced rate on long-term capital gains	7	34
Impact of specific tax rates of foreign entities	7	- 4
Other	- 34	109
Income tax	**- 541**	**- 604**
Effective tax rate	**34.32%**	**26.03%**

Note 35 Earnings per share

	2011	2010
Net income attributable to the Group	817	1,405
Number of shares at beginning of period	26,043,845	26,043,845
Number of shares at end of period	26,496,265	26,043,845
Weighted average number of shares	26,270,055	26,043,845
Basic earnings per share	**31.10**	**53.93**
Additional weighted average number of shares assuming full dilution	**0**	**0**
Diluted earnings per share	**31.10**	**53.93**

Note 36 Fair value of financial instruments recognized at amortized cost

The fair values presented are an estimate based on observable inputs at December 31, 2011. They are determined using discounted cash flows calculated based on a risk-free interest rate curve, to which is added, in the case of asset items, a credit spread computed at the CM10-CIC Group level and reviewed each year.

The financial instruments included here are those associated with lending and borrowing. They do not include non-monetary elements (equities), trade payables, other assets, other liabilities and accruals. Non-financial instruments are not covered by this information.

The fair value of financial instruments payable on demand and of regulated customer savings accounts corresponds to the value due to the customer, i.e. the carrying amount.

Certain entities in the Group may also apply the assumption that the market value is the carrying amount, in the case of contracts with variable interest rate terms or contracts whose residual term is equal to or less than one year.

We draw attention to the fact that, with the exception of financial assets held to maturity, financial instruments carried at amortized cost are not transferable or are not in practice traded before maturity. As such, no entries are made for related capital gains or losses.

However, should financial instruments carried at amortized cost be transferred, the selling price may be significantly different from the fair value calculated at December 31, 2011.

	December 31, 2011		December 31, 2010	
	Carrying amount	Market value	Carrying amount	Market value
Assets				
Loans and receivables due from credit institutions	66,055	66,015	65,415	64,995
Loans and receivables due from customers	165,358	166,832	159,542	160,813
Held-to-maturity financial assets	14,377	14,405	8,926	9,189
Liabilities				
Due to credit institutions	49,114	48,872	38,193	38,145
Due to customers	126,146	125,195	116,325	114,662
Debt securities	86,673	87,920	94,646	94,320
Subordinated debt	8,025	8,657	8,619	9,176

Note 37 Related party transactions

◆ Statement of financial position items relating to related party transactions

	December 31, 2011		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Assets			
Loans, advances and securities			
– *Loans and receivables due from credit institutions*	*0*	*160*	*1,275*
– *Loans and receivables due from customers*	*40*	*0*	*44*
– Securities	0	0	522
Other assets	0	0	0
Total	**40**	**160**	**1,842**
Liabilities			
Deposits			
– *Due to credit institutions*	*0*	*0*	*4,470*
– *Due to customers*	*140*	*0*	*38*
Debt securities	0	0	1,003
Other liabilities	32	0	174
Total	**172**	**0**	**5,685**
Financing and guarantee commitments			
Financing commitments given	0	102	0
Guarantee commitments given	0	0	0
Financing commitments received	0	0	0
Guarantee commitments received	0	0	226

◆ Income statement items relating to related party transactions

	December 31, 2011		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale
Interest received	11	0	*67*
Interest paid	0	0	- 129
Fee and commissions received	8	0	0
Fee and commissions paid	- 5	0	*- 7*
Other income (expense)	1	1	- 81
General operating expense	- 279	1	0
Total	**- 264**	**1**	**- 149**

The Confédération Nationale includes Caisse Centrale de Crédit Mutuel
and Crédit Mutuel's regional federations not associated with the CM10-CIC Group.
The relationships with the parent companies mainly consist of loans and borrowings relating to cash management activities.
In the case of companies consolidated using the proportional method (Banque Casino et Targobank Spain)
the amounts include the proportion of intercompany transactions not eliminated on consolidation.

	December 31, 2010			
Parent companies – CM10 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies – CM5 Group
47,844	*0*	*15*	*2,351*	*43,130*
0	*50*	*0*	*63*	*0*
352	0	0	192	95
0	3	0	0	0
48,195	**53**	**15**	**2,607**	**43,225**
15,275	*0*	*0*	*2,974*	*12,966*
25	*117*	*0*	*58*	*0*
3	0	0	697	4
1,250	65	0	304	1,250
16,553	**182**	**0**	**4,033**	**14,220**
0	0	0	0	0
2	0	0	0	0
0	0	0	25	0
564	0	0	333	265

	December 31, 2010			
Parent companies – CM10 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Confédération Nationale	Parent companies – CM5 Group
1,356	11	0	116	2,192
- 348	0	0	- 63	- 1,175
24	6	0	0	32
- 240	- 4	0	- 15	- 243
112	- 4	0	- 153	8
- 35	- 265	0	0	- 26
868	**- 255**	**0**	**- 116**	**787**

◆ Relationships with the Group's key management

Consistent with the regulatory changes (CRBF regulation 97-02) and compliance with professional recommendations, the Group's deliberative bodies, and in particular the Board of Directors of BFCM, made commitments in the area of remuneration for financial market professionals as well as remuneration for compagny officers and directors.

These commitments were disclosed in filings with the AMF and in documents published on BFCM's web site. Remuneration received by the BFCM Group officers and directors includes a portion related to their activities at Crédit Mutuel and CIC. For each of these activities, remuneration includes a fixed and a variable portion. This remuneration is set by the deliberative bodies of BFCM and CIC based on proposals from the respective remuneration committees. The fixed portion is determined on the basis of standard practices for positions of comparable responsability. The variable portion is determined on a discretionary and lump sum basis. During the year, the Group's officers and directors also received the accidental death and disability and supplementary retirement benefit plans made available to all Group employees.

The Group's officers and directors did not receive any other specific benefits. They did not receive any equity securities, warrants or options to purchase BFCM or CIC shares. In addition, they do not receive any attendance fees in consideration of their board mandates, whether the boards are of Group companies outside the Group but on whose board they sit as a result of their functions within the Group. The Group's officers and directors may also hold assets or borrowings in the financial statements of the Group's banks on the same terms and conditions offered to all other employees.

In addition, at its meeting of May 19, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Lucas' term of office as CEO, subject to a performance related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €770,000 (including social contributions).

At its meeting of May 8, 2011, the Board of Directors of CIC approved a severance payment in case of termination of Mr. Fradin's term of office as COO, subject to a performance-related condition and representing one year of his remuneration as a corporate officer, i.e. a commitment currently estimated at €1,120,000 (including social contributions). In his capacity as a corporate officer, Mr. Fradin also benefits from a supplemental pension plan on the same terms and conditions offered to all other BFCM employees. 2011 contributions to the insurance company amounted to €11,407 and covered the entire commitment.

Total remuneration paid to key management

Amounts in € thousands	December 31, 2011	December 31, 2010
	Total remuneration	
* Corporate officiers, Management Committee, boards members who receive renumeration	5,334	5,736

* See also 3.2.2 of the section on Corporate Governance

Note 38 Events after the reporting period and other information

The consolidated financial statements of the BFCM Group at December 31, 2011 were approved by the board of directors at its meeting of February 23, 2012.

Note 39 Exposure to risk

The risk exposure information required by IFRS 7 is included in Section IV of the management report.

Note 40 Statutory auditors' fees

In € thousands, excluding VAT	Ernst & Young			
	Amount 2011	Amount 2010	Percentage 2011	Percentage 2010
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*141*	*104*	*5%*	*3%*
– Fully consolidated subsidiaries	*2,634*	*2,706*	*86%*	*88%*
Other assignments and services directly related to the statutory audit [1]				
– BFCM	*200*	*40*	*7%*	*1%*
– Fully consolidated subsidiaries	*11*	*117*	*0%*	*4%*
Sub-total	**2,986**	**2,967**	**98%**	**97%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*0*	*0*	*0%*	*0%*
– Other	*74*	*99*	*2%*	*3%*
Sub-total	**74**	**99**	**2%**	**3%**
Total	**3,060**	**3,066**	**100%**	**100%**

In € thousands, excluding VAT	KPMG AUDIT			
	Amount 2011	Amount 2010	Percentage 2011	Percentage 2010
Audit				
Statutory audit, certification and review of financial statements				
– BFCM	*135*	*121*	*3%*	*2%*
– Fully consolidated subsidiaries	*3,625*	*2,888*	*77%*	*55%*
Other assignments and services directly related to the statutory audit [1]				
– BFCM	*250*	*25*	*5%*	*0%*
– Fully consolidated subsidiaries	*77*	*235*	*2%*	*4%*
Sub-total	**4,087**	**3,269**	**87%**	**63%**
Other services provided by the networks to fully consolidated subsidiaries				
– Legal, tax and employee-related	*0*	*315*	*0%*	*6%*
– Other	*630*	*1,631*	*13%*	*31%*
Sub-total	**630**	**1,946**	**13%**	**37%**
Total	**4,717**	**5,215**	**100%**	**100%**

1. Other assignments and services directly related to the statutory audit essentially consisted of assignments taken at the request of the supervisory authority to ensure compliance of the organization and its processes with regulatory requirements.

The total audit fees paid to auditors which are not members of the network of one of the auditors certifying the consolidated and individual financial statements of BFCM, mentioned in the table above, amounted to €6,272 thousand for the year 2011.

Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the consolidated financial statements issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit opinion on the consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit opinion on the consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the consolidated financial statements. This report also includes information relating to the specific verification of information in the Group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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92923 Paris La Défense Cedex

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Member of the Versailles regional
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(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM
Year ended December 31, 2011

Report of the Statutory Auditors
on the consolidated financial statements

To the Shareholders,

In compliance with the assignment entrusted to us by your general meeting of shareholders, we hereby report to you, for the year ended December, 31, 2011 on:

- the audit of the accompanying consolidated financial statements of Banque Fédérative du Crédit Mutuel, as appended to this report;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2011 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

The accounting estimates used to prepare the consolidated financial statements at December 31, 2011 were made in an incertain environment related to the public finance crisis in certain euro zone countries (and particularly Greece), combined with an economic crisis and a liquidity crisis, which makes an assessment of the economic outlook difficult. Against this backdrop, and in accordance with the requirements of Article L.823-9 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we bring to your attention the following matters:

- The Group uses internal models and methods to value positions in financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in Notes 1 and 12 to the consolidated financial statements. We examined the control systems applied to these models and methods, the criteria used and the listing of the financial instruments to which they apply.

• In Note 7c, the Group details its exposure to sovereign risk, particularly Greek sovereign risk, along with the measurement and accounting procedures applied. We examined the control systems applicable to measurement of this exposure and to the estimate of credit risk, the accounting treatment used, and the appropriateness of the information provided in the above-mentionned note.

• The Group recognizes impairment losses on assets available for sale when there is an objective indication of a prolonged or significant reduction in the value of these assets (Notes 1 and 7 to the consolidated financial statements). We examined the control systems applicable to the identification of loss of value indices, the valuation of the most significant items, and the estimates which led, if applicable, to the recognition of impairment provisions to cover losses in value.

• The Group carried out impairment tests on goodwill and investments held which resulted, where relevant, in the recognition of impairment provisions in respect of this financial year (Notes 1 and 18 to the consolidated financial statements). We have reviewed the methods used to implement these tests, the main assumptions and parameters used and the resulting estimates which led, where applicable, to impairment losses.

• The Group records impairment losses to cover the credit and counterparty risks inherent to its business (Notes 1, 8a, 21 and 31 to the consolidated financial statements). We examined the control systems applicable to the monitoring of credit and counterparty risk, the impairment methodologies and the coverage of losses in value by individual and collective impairment.

• The Group recognizes deferred tax assets, in particular for tax loss carry-forwards (Notes 1 and 13b to the consolidated financial statements). We examined the main estimates and assumptions that led to the recognition of these deferred taxes.

• The Group records provisions for employee benefit obligations (Notes 1 and 21 to the consolidated financial statements). We examined the systems used to assess these obligations, as well as the main assumptions and calculation methods used.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified in accordance with professional standards applicable in France the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Paris-La Défense, April 19, 2012
French original signed by
The Statutory Auditors

KPMG Audit
A unit of KPMG S.A.

Jean-François Dandé

ERNST & YOUNG et Autres

Isabelle Santenac

Unaudited Consolidated Financial Statements of the BFCM Group as of and for the Six Months Ended June 30, 2012

Consolidated balance sheet

◆ Assets – IFRS (in € millions)

	Notes	30.06.2012	31.12.2011 restated *
Cash and amounts due from central banks	4a	4,212	5,430
Financial assets at fair value through profit or loss	5a, 5c	42,969	36,875
Hedging derivative instruments	6a, 5c, 6c	1,199	1,099
Available-for-sale financial assets	7, 5c	63,435	64,126
Loans and receivables due from credit institutions	4a	65,830	66,055
Loans and receivables due from customers	8a	166,003	165,358
Remeasurement adjustment on interest-rate risk hedged investments	6b	800	738
Held-to-maturity financial assets	9	11,418	14,377
Current tax assets	12a	544	907
Deferred tax assets	12b	1,291	1,478
Accruals and other assets	13a	17,041	15,870
Equity-accounted investments	14	2,038	2,085
Investment property	15	1,002	869
Property and equipment	16a	1,924	1,971
Intangible assets	16b	849	902
Goodwill	17	4,260	4,203
Total assets		**384,815**	**382,340**

* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

◆ **Liabilities and shareholder's equity** (in € millions)

	Notes	30.06.2012	31.12.2011 restated *
Due to central banks	4b	360	282
Financial liabilities at fair value through profit or loss	5b, 5c	30,157	30,928
Hedging derivative instruments	6a, 5c, 6c	2,600	2,974
Due to credit institutions	4b	40,552	49,114
Due to customers	8b	127,982	126,146
Debt securities	18	89,144	86,673
Remeasurement adjustment on interest-rate risk hedged investments	6b	- 1,889	- 1,664
Current tax liabilities	12a	434	387
Deferred tax liabilities	12b	849	771
Accruals and other liabilities	13b	12,294	7,596
Technical reserves of insurance companies	19	58,154	55,907
Provisions	20	1,366	1,365
Subordinated debt	21	8,010	8,025
Shareholders' equity		**14,802**	**13,695**
Shareholders' equity attributable to the Group		**11,705**	**10,763**
– Subscribed capital and issue premiums	*22a*	*2,063*	*2,061*
– Consolidated reserves	*22a*	*9,659*	*8,907*
– Unrealised or deferred gains and losses	*22c*	*- 534*	*- 1,036*
– Net income for the year		*517*	*832*
Shareholders' equity - Minority interests		**3,098**	**3,072**
Total liabilities and shareholders' equity		**384,815**	**382,340**

* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

Consolidated income statement

(in € millions)

	Notes	30.06.2012	30.06.2011 restated *
Interest income	24	7,376	7,163
Interest expense	24	- 5,950	- 4,991
Fee and commission income	25	1,353	1,476
Fee and commission expense	25	- 369	- 421
Net gain (loss) on financial instruments at fair value through profit or loss	26	795	262
Net gain (loss) on available-for-sale financial assets	27	122	70
Income from other activities	28	5,224	5,491
Expenses on other activities	28	- 4,335	- 4,578
Net banking income		**4,215**	**4,473**
Operating expenses	29a, 29b	- 2,501	- 2,401
Depreciation, amortization and impairment of non-current assets	29c	- 141	- 138
Gross operating income		**1,574**	**1,935**
Net additions to/reversals from provisions for loan losses	30	- 506	- 624
Operating income		**1,068**	**1,311**
Share of net income (loss) of associates	14	- 53	4
Gains (losses) on other assets	31	10	50
Net income before tax		**1,026**	**1,365**
Corporate income tax	33	- 375	- 438
Net income		**650**	**926**
Net income attributable to minority interests		133	172
Net income attributable to the Group		**517**	**755**

* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

Earnings per share (in €)*	34	19.49	28.98

* Basic and diluted earnings per share were identical

Net income and gains and losses recognized directly in shareholders' equity (in € millions)

	Notes	30.06.2012	30.06.2011 restated *
Net income		**650**	**926**
Translation adjustments		- 4	5
Remeasurement of available-for-sale financial assets		693	260
Remeasurement of hedging derivative instruments		- 5	29
Share of unrealized or deferred gains and losses of associates		- 55	- 4
Total gains and losses recognized directly in shareholders' equity	23c, 23d	**629**	**291**
Net income and gains and losses recognized directly in shareholders' equity		**1,279**	**1,217**
– attributable to the Group		*1,061*	*1,021*
– attributable to minority interests		*218*	*196*

The items relating to gains and losses recognized directly in shareholders' equity are presented net of related tax effects.
* See note 1b to the half-year financial statements, related to the accounting treatment of investment in Banco Popular Español.

Consolidated statement of net cash flows

(in € millions)

	First half 2012	First half 2011 restated
Net income	650	926
Corporate income tax	375	438
Income before income tax	**1,026**	**1,365**
Net depreciation/amortization expense on property, equipment and intangible assets	140	137
Impairment of goodwill and other non-current assets	16	0
Net additions to/reversals from provisions and impairment losses	- 376	- 62
Share of net income/loss of associates	- 8	- 45
Net loss/gain from investment activities	- 48	- 58
Income/expense from financing activities	0	0
Other movements	- 390	607
Total non-monetary items included in income before tax and other adjustments	**- 666**	**579**
Cash flows relating to interbank transactions	8,346	- 5,322
Cash flows relating to customer transactions	738	- 366
Cash flows relating to other transactions affecting financial assets or liabilities	- 6,243	- 2,085
Cash flows relating to other transactions affecting non-financial assets or liabilities	3,532	- 2,070
Corporate income tax paid	- 38	- 329
Net decrease/increase in assets and liabilities from operating activities	**6,335**	**- 10,172**
Net cash flows from (used in) operating activities	**6,695**	**- 8,229**
Cash flows relating to financial assets and investments in non-consolidated companies	4,896	164
Cash flows relating to investment property	- 5	- 14
Cash flows relating to property, equipment and intangible assets	- 50	- 25
Net cash flows from (used in) investing activities	**4,841**	**126**
Cash flows relating to transactions with shareholders	- 170	- 148
Other cash flows relating to financing activities	3,658	6,934
Net cash flows from (used in) financing activities	**3,488**	**6,786**
Impact of movements in exchange rates on cash and cash equivalents	**5**	**- 165**
Net increase (decrease) in cash and cash equivalents	**15,030**	**- 1,482**
Net cash flows from (used in) operating activities	6,695	- 8,229
Net cash flows from (used in) investing activities	4,841	126
Net cash flows from (used in) financing activities	3,488	6,786
Impact of movements in exchange rates on cash and cash equivalents	5	- 165
Cash and cash equivalents at beginning of year	**- 10,387**	**- 4,805**
Cash accounts and accounts with central banks and post office banks	5,147	6,499
Demand loans and deposits – credit institutions	- 15,534	- 11,304
Cash and cash equivalents at end of period	**4,643**	**- 6,287**
Cash accounts and accounts with central banks and post office banks	3,852	9,880
Demand loans and deposits – credit institutions	791	- 16,167
Change in cash and cash equivalents	**15,030**	**- 1,482**

Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholders' equity at January 1, 2011	**1,302**	**578**	**7,509**	
Capital increase				
Appropriation of 2010 earnings			1,405	
2011 dividend paid out of 2010 earnings				
Sub-total: movements arising from shareholder relations			**1,405**	
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
Income for the first half of 2011				
Sub-total				
Impact of changes in group structure			- 91	
Translation adjustments			- 9	
Other changes	0	0	0	
Shareholders' equity at June 30, 2011	**1,302**	**578**	**8,814**	
Shareholders' equity at July 1, 2011	**1,302**	**578**	**8,814**	
Capital increase	23	158		
Appropriation of 2010 earnings				
2011 dividend paid out of 2010 earnings				
Sub-total: movements arising from shareholder relations	**23**	**158**		
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
Income for the second half of 2011				
Sub-total				
Impact of changes in group structure			- 14	
Translation adjustments			24	
Other changes	0	0	0	
Shareholders' equity at December 31, 2011	**1,325**	**736**	**8,823**	
Shareholders' equity restated at December 31, 2011 *(see note 1b)*	**1,325**	**736**	**8,906**	

1. Reserves at June 30, 2012 include a legal reserve of €132 million, regulatory reserves for a total of €1,477 million and other reserves amounting to €8,050 million.

Unrealized or deferred gains and losses, net of tax		Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
Available-for-sale financial assets	Hedging derivative instruments				
- 275	- 88	1,405	10,430	3,151	13,581
		- 1,405			
				- 148	- 148
		- 1,405		- 148	- 148
244	29		273	18	291
		745	745	171	916
244	29	745	1,018	189	1,207
- 6			- 97	- 95	- 192
			- 9	2	- 7
0	0	0	0	0	0
- 37	- 59	745	11,341	3,099	14,441
- 37	- 59	745	11,341	3,099	14,441
			181		181
				- 5	- 5
			181	- 5	176
- 942	- 46		- 988	- 67	- 1,055
		72	72	62	134
- 942	- 46	72	- 916	- 5	- 921
6			- 8	- 17	- 25
			24	1	25
0	0	0	1	- 1	0
- 973	- 105	817	10,623	3,072	13,695
- 931	- 105	832	10,763	3,072	13,835

Consolidated statement of changes in shareholders' equity

(in € millions)

	Capital	Additional paid in capital	Retained earnings [1]	Translation reserve
Shareholder's equity at January 1, 2012	**1,325**	**736**	**8,906**	
Capital increase	2			
Appropriation of 2011 earnings			832	
2012 dividend paid out of 2011 earnings			- 52	
Sub-total: movements arising from shareholder relations	**2**		**780**	
Change of unrealized or deferred gains and losses recognized in shareholder's equity				
Income for the first half of 2012				
Sub-total				
Impact of changes in group structure				
Translation adjustments				13
Other changes	0	0	- 27	22
Shareholders' equity at June 30, 2012	**1,327**	**736**	**9,659**	**35**

1. Reserves at June 30, 2012 include a legal reserve of €132 million, regulatory reserves for a total of €1,477 million and other reserves amounting to €8,050 million.

Unrealized or deferred gains and losses, net of tax		Net income attributable to the Group	Equity attributable to the Group	Non-controlling interests	Total shareholders' equity
Available-for-sale financial assets	Hedging derivative instruments				
- 931	- 105	832	10,763	3,072	13,835
			2		2
		- 832			
			- 52	- 120	- 172
		- 832	- 50	- 120	- 170
451	16		467	84	551
		517	517	133	650
451	16	517	984	218	1,202
				- 73	- 73
			13	1	14
0	0		- 5	0	- 6
- 480	- 89	517	11,705	3,098	14,802

Notes to the consolidated financial statements

The notes to the financial statements are presented in millions of euros.

Note 1: Accounting policies, valuation methods and presentation

Note 1a Accounting policies and methods

The accounting policies applied are the same as those used for the preparation of the financial statements for the financial year ended December 31, 2011.

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 have been drawn up in accordance with IFRS as adopted by the European Union at June 30, 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.

These standards are available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm. These interim financial statements are presented in accordance with IAS 34 relating to interim financial reporting, which allows the publication of condensed financial statements. They supplement the annual financial statements for the year ended December 31, 2011, presented in the 2011 registration document. The group's business is not subject to seasonal or cyclical effects. Estimates and assumptions may have been used in the valuation of balance sheet items.

Standards and interpretations applicable as of January 1, 2012 and not yet apllied	Date of application specified by the IASB (fiscal years beginning on)	Date of application in the EU (fiscal years beginning on)	Application Impacts
Amendments to IFRS 7 - Disclosures - Transfers of Financial Assets	7/1/2011	7/1/2011	Limited

Note 1b 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 recognition of the investment in BPE using the equity method had the following impact on the statement of financial position at end-2011 (€ millions):

	12/31/2011 reported	12/31/2011 restated
Available-for-sale financial assets	64,374	64,126
Equity-accounted investments	1,697	2,085
Total assets	**382,200**	**382,340**
Shareholders' equity attributable to the Group	10,623	10,763
Consolidated reserves	8,824	8,907
Unrealized or deferred gains and losses	- 1,078	- 1,036
Net income for the year	817	831

In the 2011 income statement, the restatement involves a €26.9 million increase to 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," yielding a €14.3 million positive net impact on net income.

On the June 30, 2011 income statement

	06/30/2011 reported	06/30/2011 restated
Net gain (loss) on available-for-sale financial assets	76	70
Share of net income of associates	- 12	4
Net income	916	926

The fair value of the investment in BPE pursuant to paragraph 37 of IAS 28 using the stock market price was €164 million as of June 30, 2012. An impairment test of the investment relative to its estimated value in use was performed, in accordance with the provisions of IAS 39 and IAS 36, resulting in an impairment charge of €76 million in the income statement for the period ending June 30, 2012.

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 CIC's regional banks, Targobank Germany, Targobank Spain, Cofidis, Banque Marocaine du Commerce Exterieur and all special ist activities the products of which are sold by the network: equipment and real estate leasing, factoring, collective investment, employee savings plans and real estate.

• The Insurance business line comprises the Assurances du Crédit Mutuel Group

• Financing and capital markets covers:

a) financing for major corporations and institutional clients, specialized lending, international operations and foreign branches;

b) capital markets activities in general, spanning customer and own account transactions involving interest 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 BFCM Group's results. The only exceptions are CIC and BFCM because of their presence across several business lines. As such, their income, expenses and statement of financial position balances are subject to an analytical distribution.

Note 2a Breakdown of the income statement items by business line

June 30, 2012

	Retail banking	Insurance	Financing and capital markets
Net banking income	2,918	605	562
General operating expenses	- 1,938	- 174	- 154
Gross operating income	**980**	**431**	**408**
Net additions to/reversals from provisions for loan losses	- 406	0	- 49
Net gains (loss) on disposal of other assets	0	5	0
Net income before tax	**573**	**435**	**359**
Corporate income tax	- 197	- 161	- 134
Net income	**377**	**275**	**225**
Non-controlling interests			
Net income attributable to the Group			

June 30, 2011 *(restated)*

	Retail banking	Insurance	Financing and capital markets
Net banking income	3,148	648	632
General operating expenses	- 1,907	- 179	- 143
Gross operating income	**1,241**	**469**	**489**
Net additions to/reversals from provisions for loan losses	- 413	- 39	- 46
Net gains (loss) on disposal of other assets	38	47	
Net income before tax	**865**	**476**	**443**
Corporate income tax	- 278	- 152	- 149
Net income	**588**	**324**	**293**
Non-controlling interests			
Net income attributable to the Group			

* The disposal in the first half of 2012 of securities received as consideration for Greek sovereign debt securities and contributed to the exchange offer under the Private Sector Involvement (PSI) plan had a negative impact of €30 million in net provision allocations for loan losses, of which a €34 million negative impact at the holding company and €4 million positive impact in the capital markets activities.

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
248	72	- 164	- 26	4,215
- 167	- 17	- 217	26	- 2,641
81	**55**	**- 381**	**0**	**1,574**
0		- 50		- 506
7		- 54		- 43
88	**55**	**- 485**	**0**	**1,026**
- 21	1	136		- 376
67	**56**	**- 349**	**0**	**650**
				133
				517

Private banking	Private equity	Logistics and holding company	Inter-businesses	Total
233	95	- 247	- 36	4,473
- 158	- 18	- 168	36	- 2,539
75	**77**	**- 415**	**0**	**1,934**
- 48		- 77		- 623
0		- 31		54
27	**77**	**- 523**	**0**	**1,365**
- 6		147		- 438
21	**77**	**- 377**	**0**	**926**
				172
				755

Note 2b Breakdown of the statement of financial position items by geographic region

	June 30, 2012		
	France	Europe excluding France	Rest of the world *
Net banking income **	3,223	914	78
General operating expenses	- 1,960	- 647	- 34
Gross operating income	**1,263**	**267**	**44**
Net additions to/reversals from provisions for loan losses	- 295	- 181	- 30
Net gains (loss) on disposal of other assets **	- 49	- 9	15
Net income before tax	**919**	**77**	**29**
Net income	577	60	14
Net income attributable to the Group	**472**	**31**	**14**

* USA, Singapore, Tunisia and Morocco.
** Inclunding net income of associates and impairment losses on goodwill.

	June 30, 2011 *(restated)*			
Total	France	Europe excluding France	Rest of the world *	Total
4,215	3,346	979	148	4,473
- 2,641	- 1,861	- 647	- 31	- 2,539
1,574	**1,485**	**332**	**117**	**1,935**
- 506	- 320	- 260	- 44	- 624
- 42	20	19	15	54
1,026	**1,185**	**91**	**89**	**1,365**
650	790	71	66	926
517	**647**	**46**	**62**	**755**

Note 3 Scope of consolidation

The changes in the consolidations scope compared to December 31,2011 are as follows:

- additions to the scope of consolidation: BECM Monaco, GEIE Synergie
- mergers, acquisitions: CMCIC Laviolette Financement with Factocic who changed of name and became CMCIC Factor, Cime et Mag with les Editions de l'Echiquier, RL Voyage with GRLC, Société d'édition des hebdomadaires et périodiques locaux with EBRA
- removals from the scope of consolidation: Société Alsacienne de Presse et d'Audiovisuelle

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
A. Banking network						
Banque du Crédit Mutuel Ile-de-France (BCMI)	100	100	FC	100	100	FC
Banque Européenne du Crédit Mutuel (ex Banque de l'Economie du Commerce et de la Monétique)	96	96	FC	96	96	FC
CIC Banque Nord Ouest	100	93	FC	100	93	FC
CIC Est	100	93	FC	100	93	FC
CIC Iberbanco	100	100	FC	100	100	FC
CIC Lyonnaise de Banque (LB)	100	93	FC	100	93	FC
CIC Ouest	100	93	FC	100	93	FC
CIC Sud Ouest	100	93	FC	100	93	FC
Crédit Industriel et Commercial (CIC)	93	93	FC	93	93	FC
Targobank AG & Co. KgaA	100	100	FC	100	100	FC
Targobank Espagne	50	50	PC	50	50	PC
B. Banking network subsidiaries						
Banca Popolare di Milano	7	6	EM	7	6	EM
Bancas	50	50	PC			NC
Banco Popular Español	4	4	EM	5	5	EM
Banque de Tunisie	20	20	EM	20	20	EM
Banque du groupe Casino	50	50	PC	50	50	PC
Banque Européenne du Crédit Mutuel Monaco	100	96	FC			NC
Banque Marocaine du Commerce Extérieur (BMCE)	25	25	EM	25	25	EM
Cartes et crédits à la Consommation (ex C2C)	100	100	FC	100	43	FC
CM-CIC Asset Management	74	73	FC	74	73	FC
CM-CIC Bail	99	92	FC	99	92	FC
CM-CIC Epargne salariale	100	92	FC	100	92	FC
CM-CIC Factor (ex Factocic)	96	88	FC	96	88	FC
CM-CIC Gestion	100	93	FC	100	93	FC
CM-CIC Home Loan SFH	100	100	FC	100	100	FC
CM-CIC Laviolette Financement			MER	100	88	FC
CM-CIC Lease	100	96	FC	100	96	FC
CM-CIC Leasing Benelux	100	92	FC	100	92	FC
CM-CIC Leasing GmbH	100	92	FC	100	92	FC
Cofidis Argentine	66	28	FC	66	28	FC
Cofidis Belgique	100	43	FC	100	43	FC
Cofidis France	100	43	FC	100	43	FC
Cofidis Italie	100	43	FC	100	43	FC
Cofidis République Tchèque	100	43	FC	100	43	FC
Cofidis Slovaquie	100	43	FC	100	43	FC
Creatis	100	43	FC	100	43	FC
FCT CMCIC Home loans	100	100	FC	100	100	FC
Monabanq	100	43	FC	100	43	FC
Saint-Pierre SNC	100	93	FC	100	93	FC

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method *	% Control	% Interest	Method *
SCI La Tréflière	46	46	EM	46	46	EM
SOFEMO – Société Fédérative Europ.de Monétique et de Financement	100	98	FC	100	98	FC
Sofim	100	93	FC	100	93	FC
Targo Dienstleistungs GmbH	100	100	FC	100	100	FC
Targo Finanzberatung GmbH	100	100	FC	100	100	FC
C. Financing and capital markets banks						
Cigogne Management	100	96	FC	100	96	FC
CM-CIC Securities	100	93	FC	100	93	FC
Diversified Debt Securities	100	95	FC	100	95	FC
Divhold	100	95	FC	100	95	FC
Ventadour Investissement	100	100	FC	100	100	FC
D. Private banking						
Agefor SA Genève	70	65	FC	70	65	FC
Alternative gestion SA Genève	45	57	EM	45	57	EM
Banque de Luxembourg	100	95	FC	100	95	FC
Banque Pasche (Liechtenstein) AG	53	49	FC	53	49	FC
Banque Pasche Monaco SAM	100	93	FC	100	93	FC
Banque Transatlantique	100	93	FC	100	93	FC
Banque Transatlantique Belgium	100	92	FC	100	92	FC
Banque Transatlantique Luxembourg	100	93	FC	90	86	FC
Banque Transatlantique Singapore	100	93	FC	100	93	FC
Calypso Management Company	70	65	FC	70	65	FC
CIC Private Banking – Banque Pasche	100	93	FC	100	93	FC
CIC Suisse	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	100	93	FC	100	93	FC
Pasche International Holding Ltd	100	93	FC	100	93	FC
Pasche SA Montevideo	100	93	FC	100	93	FC
Serficom Brasil Gestao de Recursos Ltda	50	46	FC	50	46	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	52	48	FC	52	48	FC
Serficom Family Office Inc	100	93	FC	100	93	FC
Serficom Family Office SA	100	93	FC	100	93	FC
Serficom Investment Consulting (Shanghaï)	100	93	FC	100	93	FC
Serficom Maroc SARL	100	93	FC	100	93	FC
Transatlantique Gestion	100	93	FC	100	93	FC
Valeroso Management Ltd	100	93	FC	100	93	FC
E. Private equity						
CM-CIC Capital Finance	100	93	FC	100	93	FC
CM-CIC Capital Innovation	100	92	FC	100	92	FC
CM-CIC Conseil	100	93	FC	100	93	FC
CM-CIC Investissement	100	92	FC	100	92	FC
Sudinnova	66	61	FC	66	61	FC
F. Logistics and holding company						
Adepi	100	93	FC	100	93	FC
Carmen Holding Investissement	84	84	FC	84	84	FC
CIC Migrations	100	93	FC	100	93	FC
CIC Participations	100	93	FC	100	93	FC
Cicor	100	93	FC	100	93	FC

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
Cicoval	100	93	FC	100	93	FC
CM Akquisitions	100	100	FC	100	100	FC
CMCP – Crédit Mutuel Cartes de Paiement	45	46	EM	45	46	EM
Cofidis Participations	51	43	FC	51	43	FC
Efsa	100	93	FC	100	93	FC
Est Bourgogne Rhone Alpes (EBRA)	100	100	FC	100	100	FC
Euro-Information	26	25	EM	26	25	EM
France Est	100	98	FC	100	98	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 Communication (GRLC)	100	100	FC	100	100	FC
Impex Finance	100	93	FC	100	93	FC
L'Est Républicain	92	91	FC	92	91	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	92	FC	100	92	FC
Société Civile de Gestion des Parts dans l'Alsace (SCGPA)	50	50	FC	50	50	FC
Société Française d'Edition de Journaux et d'Imprimés Commerciaux (SFEJIC)	99	97	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 GmbH	100	100	FC	100	100	FC
Targo Deutschland GmbH	100	100	FC	100	100	FC
Targo IT Consulting GmbH	100	100	FC	100	100	FC
Targo Management AG	100	100	FC	100	100	FC
Targo Realty Services GmbH	100	100	FC	100	100	FC
Ufigestion 2	100	93	FC	100	93	FC
Ugépar Service	100	93	FC	100	93	FC
Valimar 2	100	93	FC	100	93	FC
Valimar 4	100	93	FC	100	93	FC
VTP 1	100	93	FC	100	93	FC
VTP 5	100	93	FC	100	93	FC
G. Insurance companies						
ACM GIE	100	72	FC	100	72	FC
ACM IARD	96	69	FC	96	69	FC
ACM Nord IARD	49	35	EM	49	35	EM
ACM Services	100	72	FC	100	72	FC
ACM Vie	100	72	FC	100	72	FC
Astree	30	22	EM	30	22	EM
Atlancourtage	100	72	FC	100	72	FC
Groupe des Assurances du Crédit Mutuel (GACM)	73	72	FC	73	72	FC
ICM Life	100	72	FC	100	72	FC
Immobilière ACM	100	72	FC	100	72	FC
Partners	100	72	FC	100	72	FC
Procourtage	100	72	FC	100	72	FC
RMA Watanya	22	16	EM	22	16	EM
Royal Automobile Club de Catalogne	49	35	EM	49	35	EM
Serenis Assurances	100	72	FC	100	72	FC
Serenis Vie	100	72	FC	100	72	FC
Voy Mediacion	90	63	FC	100	63	FC

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method*	% Control	% Interest	Method*
H. Other companies						
A. Télé	69	49	FC	69	49	FC
Affiches D'Alsace Lorraine	100	89	FC	100	89	FC
Agence Générale d'informations régionales	100	98	FC	100	97	FC
Alsace Média Participation	100	89	FC	100	89	FC
Alsacienne de Portage des DNA	100	89	FC	100	89	FC
ALSATIC	80	71	FC	80	71	FC
Cime & Mag			MER	100	97	FC
CM-CIC Immobilier	100	100	FC	100	100	FC
Distripub	100	97	FC	100	97	FC
Documents AP	100	100	FC	100	100	FC
Est Bourgogne Médias	100	100	FC	100	100	FC
Est Imprimerie	100	97	FC	100	97	FC
Europe Régie	66	64	FC	66	64	FC
Foncière Massena	100	72	FC	78	56	FC
France Régie	100	89	FC	100	89	FC
GEIE Synergie	100	43	FC			NC
Groupe Progrès	100	100	FC	100	100	FC
Groupe Républicain Lorrain Imprimeries – GRLI	100	100	FC	100	100	FC
Immocity	100	100	FC	100	100	FC
Imprimerie Michel	100	100	FC	100	100	FC
Interprint	100	100	FC	100	100	FC
Jean Bozzi Communication	100	100	FC	100	100	FC
Journal de la Haute Marne	50	46	EM	50	46	EM
La Liberté de L'est	100	88	FC	96	92	FC
La Tribune	100	100	FC	100	100	FC
L'Alsace	100	97	FC	100	97	FC
L'Alsace Magazines Edition – L'ame	100	97	FC	100	97	FC
Le Dauphiné Libéré	100	100	FC	100	100	FC
Le Républicain Lorrain	100	100	FC	100	100	FC
Les Dernières Nouvelles d'Alsace	100	89	FC	100	89	FC
Les Dernières Nouvelles de Colmar	100	89	FC	100	89	FC
Les Editions de l'Echiquier	100	97	FC	100	97	FC
Lumedia	50	50	PC	50	50	PC
Massena Property	100	72	FC	100	72	FC
Massimob	100	69	FC	100	69	FC
Mediaportage	100	97	FC	100	97	FC
Presse Diffusion	100	100	FC	100	100	FC
Promopresse	100	100	FC	100	100	FC
Publicité Moderne	100	91	FC	100	91	FC
Publiprint Dauphiné	100	100	FC	100	100	FC
Publiprint province n°1	100	100	FC	100	100	FC
Républicain Lorrain Communication	100	100	FC	100	100	FC
Républicain Lorrain Tv News	100	100	FC	100	100	FC
Républicain Lorrain Voyages			MER	100	100	FC
Roto Offset	100	97	FC	100	97	FC
SCI Acm (ex SCI ADS)	83	60	FC	100	71	FC
SCI Alsace	90	87	FC	90	87	FC
SCI Ecriture	100	97	FC	100	97	FC
SCI Gutenberg	100	100	FC	100	100	FC
SCI Le Progrès Confluence	100	100	FC	100	100	FC
SCI Roseau d'Or	100	97	FC	100	97	FC
SDV Plurimédia	20	18	EM	20	19	EM
Société Alsacienne de Presse et d'Audiovisuelle			NC	60	53	FC

	June 30, 2012			December 31, 2011		
	% Control	% Interest	Method *	% Control	% Interest	Method *
Société de Presse Investissement	100	91	FC	100	91	FC
Société d'Edition de l'Hebdomadaire du Louhannais et du Jura	100	100	FC	100	100	FC
Société d'Edition des hebdomadaires & périodiques locaux			MER	100	100	FC
Sofiliest	100	91	FC	100	96	FC
Top Est 88	100	91	FC	100	46	FC

* Method:
FC = Full consolidation.
PC = Proportionate consolidation.
EM = Equity method.
NC = Not consolidated.
MER = Merged.

Note 4 Cash, central banks

Note 4a Loans and receivables due from credit institutions

	June 30, 2012	December 31, 2011
Cash and amounts due from central banks		
Due from central banks	3,693	4,920
– including reserve requirements	*1,224*	*1,364*
Cash	519	510
Total	**4,212**	**5,430**
Loans and receivables due from credit institutions		
Crédit Mutuel network accounts [1]	3,646	3,114
Other current accounts	2,077	1,974
Loans	52,931	54,280
Other receivables	676	532
Securities not listed in an active market	2,773	3,672
Repurchase agreements	2,510	1,141
Individually impaired receivables	1,062	1,099
Accrued interest	472	553
Impairment provisions	- 316	- 310
Total	**65,830**	**66,055**

1. Mainly outstanding repayments – CDC (Caisse des Dépôts et Consignations) relating to LEP, LDD and Livret bleu passbook savings accounts.

Note 4b Amounts due to credit institutions

	June 30, 2012	December 31, 2011
Due to central banks	360	282
Due to credit institutions		
Other current accounts	10,225	16,400
Borrowings	26,839	27,463
Other	522	2,597
Repurchase agreements	2,853	2,573
Accrued interest	113	81
Total	**40,912**	**49,397**

Note 5 Financial assets and liabilities at fair value through profit or loss

Note 5a Financial assets at fair value through profit or loss

	June 30, 2012			December 31, 2011		
	Transaction	Fair value option	Total	Transaction	Fair value option	Total
Securities	17,189	15,003	32,192	13,860	13,381	27,241
– Government securities	*986*	*1*	*987*	*1,409*	*24*	*1,433*
– Bonds and other fixed-income securities	*14,947*	*3,262*	*18,209*	*11,977*	*2,875*	*14,852*
Listed	*14,947*	*2,570*	*17,517*	*11,977*	*2,786*	*14,763*
Unlisted	*0*	*692*	*692*	*0*	*88*	*88*
– Equities and other variable-income securities	*1,256*	*11,740*	*12,996*	*473*	*10,483*	*10,956*
Listed	*1,256*	*9,990*	*11,246*	*473*	*8,774*	*9,247*
Unlisted	*0*	*1,750*	*1,750*	*0*	*1,709*	*1,709*
Trading derivative instruments	2,341	0	2,341	2,534	0	2,534
Other financial assets		8,437	8,437		7,100	7,100
including resale agreements		*8,435*	*8,435*		*7,096*	*7,096*
Total	**19,530**	**23,440**	**42,969**	**16,394**	**20,481**	**36,875**

Note 5b Financial liabilities at fair value through profit or loss

	June 30, 2012	December 31, 2011
Financial liabilities held for trading	6,757	6,676
Financial liabilities at fair value by option through profit or loss	23,400	24,252
Total	**30,157**	**30,928**

Own credit risk is insignificant.

◆ Financial liabilities held for trading

	June 30, 2012	December 31st, 2011
Short selling of securities	1,015	1,087
– Government securities	*1*	*0*
– Bonds and other fixed-income securities	*434*	*641*
– Equities and other variable-income securities	*581*	*447*
Trading derivative instruments	*4,776*	*4,786*
Other financial liabilities held for trading	966	802
Total	**6,757**	**6,676**

Financial liabilities designated under the fair value option through profit or loss

	June 30, 2012			December 31, 2011		
	Carrying amount	Maturity amount	Variance	Carrying amount	Maturity amount	Variance
Securities issued	126	126	0	60	60	0
Interbank liabilities	22,980	22,976	4	23,577	23,564	13
Due to customers	294	294	0	615	615	0
Total	**23,400**	**23,396**	**4**	**24,252**	**24,239**	**13**

Note 5c Fair value hierarchy

	Level 1	Level 2	Level 3	Total
Financial assets				
Available-for-sale (AFS)	61,005	964	1,466	63,435
– Government and similar securities – AFS	*14,355*	*96*	*0*	*14,451*
– Bonds and other fixed-income securities – AFS	*41,318*	*836*	*495*	*42,649*
– Equities and other variable-income securities – AFS	*4,457*	*0*	*138*	*4,595*
– Investments in non-consolidated companies and other LT investments – AFS	*867*	*9*	*565*	*1,441*
– Investments in associates – AFS	*8*	*23*	*268*	*299*
Held for trading/Fair value option (FVO)	22,168	17,054	3,389	42,970
– Government and similar securities – Held for trading	*691*	*295*	*0*	*986*
– Government and similar securities – FVO	*1*	*0*	*0*	*1*
– Bonds and other fixed-income securities – Held for trading	*8,922*	*5,038*	*987*	*14,947*
– Bonds and other fixed-income securities – FVO	*2,091*	*1,169*	*2*	*3,262*
– Equities and other variable-income securities – Held for trading	*1,242*	*0*	*14*	*1,256*
– Equities and other variable-income securities – FVO	*9,206*	*359*	*2,175*	*11,740*
– Loans and receivables due from credit institutions – FVO	*0*	*4,475*	*0*	*4,475*
– Loans and receivables due from customers – FVO	*0*	*3,962*	*0*	*3,962*
– Derivative instruments and other financial assets – Held for trading	*14*	*2,115*	*212*	*2,341*
Hedging derivative instruments	0	1,199	0	1,199
Total	**83,172**	**19,577**	**4,856**	**107,604**

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Held for trading/Fair value option (FVO)	1,987	28,045	125	30,157
– Due to credit institutions – FVO	*0*	*22,980*	*0*	*22,980*
– Due to customers – FVO	*0*	*294*	*0*	*294*
– Debt securities – FVO	*0*	*126*	*0*	*126*
– Subordinated debt – FVO	*0*	*0*	*0*	*0*
– Derivative instruments and other financial liabilities – Held for trading	*1,987*	*4,645*	*125*	*6,757*
Hedging derivative instruments	0	2,657	*- 57*	2,600
Total	**1,987**	**30,702**	**68**	**32,757**

There are three levels of fair value of financial instruments, in accordance with what has been defined by IFRS 7:
– Level 1 instruments: valued using stock market prices. In the case of capital 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.

Note 6 Hedging

Note 6a Hedging derivative instruments

	June 30, 2012		December 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Cash flow hedges	7	51	5	44
Fair value hedges (change in value recognized through profit or loss)	1,192	2,549	1,094	2,930
Total	**1,199**	**2,600**	**1,099**	**2,974**

Fair value hedging is a hedge against changes in the fair value of a financial instrument attributable to a specific risk.
Changes in fair value hedging as well as the part attributable to the hedged risk, are recognised in the income statement.

Note 6b Remeasurement adjustment on interest-rate risk hedged investments

	Fair value June 30, 2012	Fair value December 31, 2011	Change in fair value
Fair value of interest-rate by investment category			
Financial assets	800	738	62
Financial liabilities	- 1,889	- 1,664	- 225

Note 6c Analysis of derivative instruments

	June 30, 2012			December 31, 2011		
	Notional	Assets	Liabilities	Notional	Assets	Liabilities
Trading derivative instruments						
Interest-rate derivative instruments						
– *Swaps*	*386,152*	*1,643*	*4,057*	*365,377*	*1,540*	*3,987*
– *Other forward contracts*	*6,540*	*5*	*0*	*8,394*	*4*	*1*
– *Options and conditional transactions*	*26,385*	*120*	*203*	*32,490*	*116*	*121*
Foreign exchange derivative instruments						
– *Swaps*	*82,653*	*21*	*79*	*84,374*	*41*	*77*
– *Other forward contracts*	*13,463*	*113*	*90*	*17,422*	*172*	*116*
– *Options and conditional transactions*	*22,827*	*111*	*112*	*17,493*	*195*	*195*
Derivative instruments other than interest-rate and foreign exchange						
– *Swaps*	*13,256*	*251*	*159*	*16,567*	*372*	*242*
– *Other forward contracts*	*2,145*	*0*	*0*	*1,951*	*0*	*0*
– *Options and conditional transactions*	*1,626*	*76*	*76*	*788*	*95*	*48*
Sub-total	**555,047**	**2,341**	**4,776**	**544,856**	**2,534**	**4,786**
Hedging derivative instruments						
Fair value hedges						
– *Swaps*	*81,942*	*1,192*	*2,549*	*83,927*	*1,094*	*2,930*
– *Options and conditional transactions*	*1*	*0*	*0*	*1*	*0*	*0*
Cash flow hedges						
– *Swaps*	*162*	*7*	*47*	*157*	*4*	*39*
– *Other forward contracts*	*0*	*0*	*3*	*0*	*0*	*4*
– *Options and conditional transactions*	*0*	*0*	*0*	*0*	*1*	*0*
Sub-total	**82,104**	**1,999**	**2,600**	**84,085**	**1,099**	**2,974**
Total	**637,152**	**3,539**	**7,376**	**628,941**	**3,634**	**7,760**

Note 7 Available-for-sale financial assets

Note 7a Available-for-sale financial assets

	June 30, 2012	December 31, 2011
Government securities	14,266	15,144
Bonds and other fixed-income securities	42,566	42,478
– Listed	*41,871*	*41,746*
– Unlisted	*695*	*732*
Equities and other variable-income securities	4,607	4,190
– Listed	*4,466*	*4,087*
– Unlisted	*142*	*104*
Long-term investments	1,722	1,988
– Investments in non-consolidated companies	*1,203*	*1,463*
– Other long-term investments	*234*	*242*
– Investments in associates	*281*	*280*
– Securities lent	*4*	*3*
Accrued interest	273	326
Total	**63,435**	**64,126**
Including unrealized gains (losses) on bonds, other fixed-income securities and government securities recognized directly in equity	*- 831*	*- 1,329*
Including unrealized gains (losses) on equities, other variable-income securities and long-term investments recognized directly in equity	*486*	*296*
Including impairment of bonds and other fixed-income securities	*- 95*	*- 684*
Including impairment of equities and other variable-income securities and long-term investments	*- 2,054*	*- 1,996*

Note 7b Exposure to sovereign risks

The securities issued by the Greek government were contributed to the Private Sector Involvement (PSI) plan exchange offer. The securities received as consideration were sold in the market. As of June 30, 2012, the Group has no more exposure to Greek sovereign debt. This transaction resulted in a €30 million loss recognized under net provision allocations for loan losses.

The Irish and Portuguese governments received financial support under a plan implemented by the European Union and the International Monetary Fund, since their budget deterioration and the markets' lack of confidence prevented them from raising the funds needed to finance themselves. Currently, the projected recovery of the debt of these two States does not appear to be in doubt and therefore does not require an impairment charge.

Countries benefiting from a support plan

	June 30, 2012		December 31, 2011	
Net exposure * **	**Portugal**	**Ireland**	**Portugal**	**Ireland**
Financial assets at fair value through profit or loss	48		50	
Available-for-sale financial assets	80	102	104	99
Held-to-maturity financial assets				
Total	**128**	**102**	**154**	**99**

Other sovereign risk in the banking portfolio

	June 30, 2012		December 31, 2011	
Net exposure **	**Spain**	**Italy**	**Spain**	**Italy**
Financial assets at fair value through profit or loss	108	69	131	99
Available-for-sale financial assets	106	4,607	130	4,396
Held-to-maturity financial assets				
Total	**214**	**4,676**	**261**	**4,495**

* Net exposure amounts are shown net of any insurance policyholder profit-sharing portion.
** Capital market activities in market value, others business lines in nominal value. Oustanding are presented net of CDS.

Note 8 Customers

Note 8a Loans and receivables due from customers

	June 30, 2012	December 31, 2011
Performing loans	154,554	154,058
Commercial loans	4,956	5,081
Other customer loans	148,967	148,263
– Home loans	*63,396*	*63,311*
– Other loans and receivables, including resale agreements	*85,571*	*84,952*
Accrued interest	345	343
Securities not listed in an active market	286	371
Insurance and reinsurance receivables	193	169
Individually impaired receivables	8,936	9,101
Gross receivables	**163,683**	**163,327**
Individual impairment	- 5,758	- 5,906
Collective impairment	- 485	- 437
Sub-total I	**157,440**	**156,985**
Finance leases (net investment)	8,699	8,515
Furniture and movable equipment	5,406	5,315
Real estate	3,118	3,019
Individually impaired receivables	176	181
Provisions for impairment	- 137	- 142
Sub-total II	**8,562**	**8,373**
Total	**166,003**	**165,358**
of which non-voting loan stock	*10*	*9*
of which subordinated notes	*12*	*12*

Finance leases with customers

	December 31, 2011	Acquisition	Sale	Other	June 30, 2012
Gross carrying amount	8,515	772	- 543	- 44	8,699
Impairment of irrecoverable rent	- 142	- 16	21	0	- 137
Net carrying amount	**8,373**	**756**	**- 522**	**- 45**	**8,562**

Note 8b Amounts due to customers

	June 30, 2012	December 31, 2011
Regulated savings accounts	37,458	35,183
– demand	*28,654*	*26,217*
– term	*8,804*	*8,967*
Accrued interest on savings accounts	413	5
Sub-total	**37,871**	**35,188**
Demand deposits	42,795	44,367
Term accounts and loans	46,426	45,921
Repurchase agreements	276	151
Accrued interest	442	438
Insurance and reinsurance payables	171	81
Sub-total	**90,110**	**90,958**
Total	**127,982**	**126,146**

Note 9 Held-to-maturity financial assets

	June 30, 2012	December 31, 2011
Securities	11,416	14,442
– Government securities	*0*	*84*
– Bonds and other fixed-income securities	*11,416*	*14,357*
Listed	*11,351*	*9,436*
Unlisted	*65*	*4,921*
– Accrued interest	*15*	*13*
Gross total	**13,431**	**14,454**
Of which impaired assets	*25*	*109*
Provisions for impairment	- 13	- 78
Net total	**11,418**	**14,377**

Note 10 Movements in provisions for impairment

	December 31, 2011	Additions	Reversals	Other	June 30, 2012
Loans and receivables due from credit institutions	- 310	- 21	23	- 8	- 316
Loans and receivables due from customers	- 6,485	- 621	734	- 8	- 6,380
Available-for-sale securities	- 2,680	- 116	629	18	- 2,149
Held-to-maturity securities	- 78	0	65	0	- 13
Total	**- 9,553**	**- 757**	**1,451**	**2**	**- 8,858**

Note 11 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	June 30, 2012	December 31, 2011
	Carrying amount	Carrying amount
RMBS	2,855	3,985
CMBS	369	366
CLO	1,107	1,543
Other ABS	616	897
CLO covered by CDS	701	721
Other ABS covered by CDS	26	28
Liquidity facilities	321	351
Total	**5,994**	**7,890**

Unless otherwise stated, securities are not covered by CDS.

Exposures at June 30, 2012	RMBS	CMBS	CLO	Other ABS	Total
Trading	958	298		387	1,643
AFS	668	72	185	88	1,012
Loans	1,228		922	141	2,291
Total	**2,855**	**369**	**1,107**	**616**	**4,947**
France	3	2		366	371
Spain	112		5	102	220
United Kingdom	436	17		51	504
Europe excluding France, Spain and United Kingdom	792	65	686	71	1,615
USA	1,395	278	415	26	2,115
Rest of the world	116	6			123
Total	**2,855**	**369**	**1,107**	**616**	**4,947**
US Agencies	491				491
AAA	614	269	295	318	1,496
AA	513	17	717	145	1,393
A	125	79	62	88	354
BBB	72		14	15	101
BB	156		18	21	195
B or below	884	4		30	918
Not rated					0
Total	**2,855**	**369**	**1,107**	**616**	**4,947**

Exposures at June 30, 2012	RMBS	CMBS	CLO	Other ABS	Total
Origination 2005 and before	560	130	3	43	735
Origination 2006	655	94	359	59	1,168
Origination 2007	931	140	414	76	1,561
Origination after 2008	707	6	331	438	1,483
Total	**2,855**	**369**	**1,107**	**616**	**4,947**

Exposures at December 31, 2011	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,173	353	26	366	1,918
AFS	966	13	192	227	1,399
Loans	1,845	0	1,325	304	3,474
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
France	14	2	0	354	369
Spain	305	0	20	206	531
United Kingdom	413	30	0	52	496
Europe excluding France, Spain and United Kingdom	1,306	0	694	144	2,144
USA	1,795	320	828	121	3,064
Rest of the world	151	13	0	21	186
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
US Agencies	521	0	0	0	521
AAA	1,560	303	716	421	3,001
AA	187	30	737	107	1,062
A	242	23	51	98	413
BBB	145	2	26	121	294
BB	119	0	12	20	151
B or below	1,211	8	0	131	1,350
Not rated	0	0	0	0	0
Total	**3,985**	**366**	**1,543**	**897**	**6,791**
Origination 2005 and before	943	28	39	207	1,217
Origination 2006	1,153	119	595	112	1,979
Origination 2007	1,125	174	550	183	2,032
Origination after 2008	764	45	358	396	1,563
Total	**3,985**	**366**	**1,543**	**897**	**6,791**

Note 12 Corporate income tax

Note 12a Current income tax

	June 30, 2012	December 31, 2011
Asset (by income)	544	907
Liability (by income)	434	387

Note 12b Deferred income tax

	June 30, 2012	December 31, 2011
Asset (by income)	673	673
Asset (by shareholders' equity)	618	805
Liability (by income)	577	586
Liability (by shareholders' equity)	271	185

Note 13 Accruals and other assets and liabilities

Note 13a Accruals and other assets

	June 30, 2012	December 31, 2011
Accruals assets		
Collection accounts	281	317
Currency adjustment accounts	271	334
Accrued income	411	438
Other accruals	1,569	1,468
Sub-total	**2,532**	**2,557**
Other assets		
Securities settlement accounts	144	110
Guarantee deposits paid	8,562	7,645
Miscellaneous receivables	5,444	5,209
Inventories	14	14
Other	2	- 2
Sub-total	**14,167**	**12,978**
Other insurance assets		
Technical provisions, reinsurers' share	254	255
Other	89	81
Sub-total	**343**	**335**
Total	**17,041**	**15,870**

Note 13b Accruals and other liabilities

	June 30, 2012	December 31, 2011
Accrual accounts liabilities		
Accounts unavailable due to collection procedures	524	452
Currency adjustment accounts	190	349
Accrued expenses	628	551
Deferred income	673	670
Other accruals	5,846	1,743
Sub-total	**7,861**	**3,764**
Other liabilities		
Securities settlement accounts	117	83
Outstanding amounts payable on securities	105	53
Other payables	4,053	3,546
Sub-total	**4,275**	**3,682**
Other insurance liabilities		
Deposits and guarantees received	157	150
Sub-total	**157**	**150**
Total	**12,294**	**7,596**

Note 14 Equity-accounted investments

Equity value and share of net income (loss)

		Percent interest
ACM Nord	Unlisted	49.00%
ASTREE Assurance	Listed	30.00%
Banca Popolare di Milano [1]	Listed	6.87%
Banco Popular Español *(see note 1b)*	Listed	4.49%
Banque de Tunisie	Listed	20.00%
Banque Marocaine du Commerce Extérieur	Listed	24.64%
CMCP	Unlisted	
Euro Information	Unlisted	26.36%
RMA Watanya	Unlisted	22.02%
Royal Automobile-Club de Catalogne	Unlisted	48.99%
SCI Treflière	Unlisted	46.09%
Other	Unlisted	
Total		

1. During the period under review, the Group recognized as income its share of BPM's net income. BPM recorded a substantial net loss in the fourth quarter of 2011 and this loss was announced following the close of the 2011 financial statements such that it is recognized in the first-half 2012 income statement.

June 30, 2012 Investment value	Share of net income (loss)	Percent interest	December 31, 2011 Investment value	Share of net income (loss)
17	1	49.00%	19	3
18	1	30.00%	18	- 1
156	- 22	6.87%	191	- 31
377	- 60	5.03%	388	16
50	3	20.00%	52	6
842	12	24.64%	831	21
5	0		5	0
212	10	26.36%	206	13
285	0	22.02%	298	16
62	2	48.99%	62	- 13
11	1	46.09%	11	1
3	0		3	0
2,038	**- 53**		**2,085**	**31**

Note 15 Investment Property

	December 31, 2011	Additions	Disposals	Other movements	June 30, 2012
Historical cost	1,050	148	- 9	4	1,193
Accumulated depreciation and impairment losses	- 181	- 23	1	12	- 190
Net amount	**869**	**126**	**- 8**	**16**	**1,002**

Note 16 Non-current assets

Note 16a Property, plant and equipment

	December 31, 2011	Additions	Disposals	Other movements	June 30, 2012
Historical cost					
Land used in operations	382	1	- 4	0	379
Buildings used in operations	2,680	41	- 17	2	2,706
Other property and equipment	1,250	30	- 26	1	1,255
Total	**4,313**	**72**	**- 47**	**3**	**4,340**
Accumulated depreciation and impairment losses					
Land used in operations	- 3	0	0	0	- 3
Buildings used in operations	- 1,430	- 62	12	30	- 1,449
Other property and equipment	- 909	- 33	10	- 32	- 964
Total	**- 2,342**	**- 95**	**23**	**- 2**	**- 2,416**
Net amount	**1,971**	**- 23**	**- 25**	**1**	**1,924**

Note 16b Intangible assets

	December 31, 2011	Additions	Disposals	Other movements	June 30, 2012
Historical cost					
Internally developed intangible assets	15	0	- 1	0	15
Purchased intangible assets	1,325	13	- 11	- 1	1,326
– sofware	*476*	*4*	*- 8*	*0*	*471*
– other	*849*	*10*	*- 3*	*- 1*	*855*
Total	**1,341**	**13**	**- 12**	**- 1**	**1,341**
Accumulated depreciation and impairment losses					
Purchased intangible assets	- 439	- 61	10	- 2	- 492
– software	*- 248*	*- 32*	*9*	*1*	*- 271*
– other	*- 190*	*- 29*	*1*	*- 3*	*- 222*
Total	**- 439**	**- 61**	**10**	**- 2**	**- 492**
Net amount	**902**	**- 48**	**- 2**	**- 3**	**849**

Note 17 Goodwill

	December 31, 2011	Additions	Disposals	Other movements	June 30, 2012
Goodwill, gross	4,385	56		0	4,441
Accumulated impairment losses	- 182	0	0	0	- 182
Goodwill net	**4,203**	**56**	**0**	**0**	**4,260**

Subsidiaries	Goodwill at December 31, 2011	Additions	Disposals	Impairment charges/ reversals	Other movements	Goodwill at June 30, 2012
Targobank Allemagne	2,763					2,763
Crédit Industriel et Commercial (CIC)	506					506
Cofidis Participations	378					378
Targobank Espagne (ex Banco Popular Hipotecario)	183					183
CIC Private Banking – Banque Pasche	53				1	54
Banque Casino [a]	27					27
Foncière Massena		56				56
CM-CIC Investissement	21					21
Monabanq	17					17
CIC Iberbanco	15					15
Banque de Luxembourg	13					13
Banque Transatlantique	6					6
Transatlantique Gestion	5					5
Other [b]	216					216
Total	**4,204**	**56**	**0**	**0**	**1**	**4,260**

Goodwill is reviewed at the end of the financial period to identify any permanent impairment. Depending on the particular situation, this review consists of:
– verifying that the price used for the most recent transaction is above the carrying amount, or
– verifying that the valuation assumptions at the acquisition date are still valid.

Note 18 Debt securities

	June 30, 2012	December 31, 2011
Retail certificates of deposit	183	101
Interbank instruments and money market securities	45,050	46,584
Bonds	42,887	38,871
Accrued interest	1,025	1,117
Total	**89,144**	**86,673**

Note 19 Insurance companies' technical provisions

	June 30, 2012	December 31, 2011
Life	49,888	47,709
Non-life	2,139	2,083
Unit of account	5,888	5,916
Other	239	199
Total	**58,154**	**55,907**
Of which deferred profit-sharing liability	*2,150*	*1,424*
Reinsurers' share of technical reserves	254	255
Total net technical provisions	**57,900**	**55,652**

Note 20 Provisions

	December 31, 2011	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	June 30, 2012
Provisions for risks	**354**	**34**	**- 22**	**- 35**	**- 4**	**327**
Signature commitments	126	21	- 2	- 29	0	116
Financing and guarantee commitments	0	0	0	0	0	0
On country risks	18	0	0	0	0	18
Provision for taxes	65	6	- 16	0	- 1	54
Provisions for claims and litigation	123	3	- 2	- 4	- 3	117
Provision for risks on miscellaneous receivables	22	4	- 2	- 2	0	22
Other provisions	**635**	**25**	**- 4**	**- 34**	**1**	**622**
Provisions for home savings accounts and plans	43	0	0	- 8	0	35
Provisions for miscellaneous contingencies	314	24	- 5	- 5	0	328
Other provisions	278	1	1	- 21	1	259
Provisions for retirement benefits *	**376**	**50**	**- 4**	**0**	**- 5**	**417**

	December 31, 2011	Additions	Reversals (provisions used)	Reversals (provisions not used)	Other movements	June 30, 2012
Retirement benefits defined benefit and equivalent, excluding pension funds						
Retirement bonuses *	261	45	- 1	0	- 5	299
Supplementary retirement benefits	68	5	- 3	0	- 1	69
Long service awards (other long-term benefits)	36	0	0	0	0	37
Sub-total to statement of financial position	**365**	**50**	**- 4**	**0**	**- 6**	**405**
Supplementary retirement benefit defined benefit, provided by Group's pension funds						
Provisions for pension fund shortfalls * *Fair value of plan assets*	11	0	0	0	0	11
Sub-total to statement of financial position	**11**	**0**	**0**	**0**	**0**	**11**
Total	**1,365**	**109**	**- 30**	**- 69**	**- 9**	**1,366**

* A total charge of €32 million was recognized during the year for termination benefits following the updating of the discount rate (IBOXX).

Note 21 Subordinated debt

	June 30, 2012	December 31, 2011
Subordinated notes	4,873	5,005
Non-voting loan stock	34	39
Perpetual subordinated notes	2,863	2,863
Other debt	3	19
Accrued interest	238	99
Total	**8,010**	**8,025**

Main subordinated debt issues

In € millions	Type
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
Banque Fédérative du Crédit Mutuel	Subordinated note
CIC	Non-voting loan stock
CIC	Perpetual subordinated note
CIC	Perpetual subordinated note
Banque Fédérative du Crédit Mutuel	Loan
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note
Banque Fédérative du Crédit Mutuel	Deeply subordinated note

1. Amounts net of intra-Group balances.
2. Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
3. Non amortizable, but redeemable at borrower's discretion with effect from May 28, 1997 at 130% of par revalued by 1.5% annually for subsequent years.
4. 6-month Euribor + 167 basis points.
5. 6-month Euribor + 107 basis points for the first 10 years and + 207 basis points for subsequent years, unless redeemed.
6. 1-year Euribor + 0.3 basis points.
7. 10-year CMS ISDA CIC + 10 basis points.
8. 10-year CMS ISDA + 10 basis points.
9. Fixed-rate 4.471 until October 10, 2015 and thereafter 3-month Euribor + 185 basis points.
10. 3-month Euribor + 665 basis points.

Issue date	Amount issued	Amount at year end [1]	Rate	Maturity
July 19, 2001	€700m	€651m	6.50	July 19, 2013
Sept. 30, 2003	€800m	€791m	5.00	Sept. 30, 2015
Dec. 18, 2007	€300m	€300m	5.10	Dec. 18, 2015
June 16, 2008	€300m	€300m	5.50	June 16, 2016
Dec. 16, 2008	€500m	€500m	6.10	Dec. 16, 2016
Dec. 6, 2011	€1,000m	€1,000m	5.30	Dec. 6, 2018
Oct. 22, 2010	€1,000m	€926m	4.00	Oct. 22, 2020
May 28, 1985	€137m	€18m	[2]	[3]
June 6, 2006	€200m	€200m	[4]	Perpetual
June 6, 2006	€550m	€550m	[5]	Perpetual
Dec. 28, 2005	€500m	€500m	[6]	Perpetual
Dec. 15, 2004	€750m	€749m	[7]	Perpetual
Feb. 25, 2005	€250m	€250m	[8]	Perpetual
April 28, 2005	€404m	€393m	[9]	Perpetual
Oct. 17, 2008	€147m	€147m	[10]	Perpetual

Note 22 Shareholders' equity

Note 22a Shareholders' equity, Group share (excluding unrealized or deferred gains or losses)

	June 30, 2012	December 31, 2011
Capital stock and additional paid-in capital and reserves	2,063	2,061
– *Capital*	*1,327*	*1,325*
– *Premium relating to issue, transfer, merger, split, conversion*	*736*	*736*
Consolidated reserves	9,659	8,907
– *Regulated reserves*	*7*	*7*
– *Translation reserve*	*0*	*20*
– *Other reserves (including effects related to first application of standards)*	*9,655*	*8,882*
– *Retained earnings*	*- 3*	*- 3*
Net income	517	832
Total	**12,239**	**11,799**

Note 22b Unrealized or deferred gains and losses

	June 30, 2012	December 31, 2011
Unrealized or deferred gains and losses* relating to:		
Available-for-sale financial assets		
– *Equities*	*506*	*296*
– *Bonds*	*- 831*	*- 1,329*
Cash flow hedges	- 110	- 105
Translation adjustments	- 20	
Share of unrealized or deferred gains/losses of companies accounted for by the equity method	- 39	58
Total	**- 494**	**- 1,080**
Attributable to the Group	*- 534*	*- 1,036*
Non-controlling interests	40	- 44

* Net of tax.

Note 22c Recycling of gains and losses recognized directly in equity

	Movements 2012	Movements 2011
Translation adjustements		
Reclassification in income	0	0
Other movements	- 20	- 5
Sub-total	**- 20**	**- 5**
Remeasurement of available-for-sale financial assets		
Reclassification in income	- 225	216
Other movements	934	- 946
Sub-total	**709**	**- 730**
Remeasurement of hedging derivative instruments		
Reclassification in income	0	0
Other movements	- 5	- 16
Sub-total	**- 5**	**- 16**
Share of unrealized or deferred gains and losses of associates	- 97	- 13
Total	**587**	**- 764**

Note 22d Tax on components of gains and losses recognized directly in equity

	Movements 2012			Movements 2011		
	Gross amount	Tax	Net amount	Gross amount	Tax	Net amount
Translation adjustments	- 20	0	- 20	- 5	0	- 5
Remeasurement of available-for-sale financial assets	534	174	709	- 1,092	361	- 730
Remeasurement of hedging derivative instruments	- 8	3	- 5	- 19	2	- 16
Share of unrealized or deferred gains and losses of associates	- 97	0	- 97	- 13	0	- 13
Total gains and losses recognized directly in shareholders' equity	**410**	**177**	**587**	**- 1,128**	**364**	**- 764**

Note 23 Commitments given and received

Commitments given

	June 30, 2012	December 31, 2011
Financing commitments		
To credit institutions	3,914	1,622
To customers	39,048	40,578
Guarantee commitments		
To credit institutions	2,139	2,257
To customers	12,160	13,188
Commitments on securities		
Other commitments given	965	429
Commitments given by insurance business line	**265**	**285**

Commitments received

	June 30, 2012	December 31, 2011
Financing commitments		
From credit institutions	23,952	20,665
Guarantee commitments		
From credit institutions	27,564	28,589
From customers	5,455	5,669
Commitments received on securities		
Other commitments received	885	20
Commitments received by insurance business line	**7,068**	**6,735**

Assets pledged as collateral for liabilities

	June 30, 2012	December 31, 2011
Loaned securities	4	5
Security deposits on market transactions	8,562	7,645
Securities sold under repurchase agreements	25,703	26,645
Total	**34,249**	**34,295**

Note 24 Interest income, interest expense and equivalent

	1st Half 2012		1st Half 2011	
	Income	Expense	Income	Expense
Credit institutions and central banks	851	- 1,014	900	- 668
Customers	4,818	- 2,463	4,819	- 2,103
– of which finance leases and operating leases	*1,340*	*- 1,175*	*1,347*	*- 1,190*
Hedging derivative instruments	1,147	- 1,312	992	- 1,134
Available-for-sale financial assets	336		358	
Held-to-maturity financial assets	223		95	
Debt securities		- 1,105		- 997
Subordinated debt		- 56		- 88
Total	**7,376**	**- 5,950**	**7,163**	**- 4,991**

Note 25 Fees and commissions

	1st Half 2012		1st Half 2011	
	Income	Expense	Income	Expense
Credit institutions	2	- 1	2	- 2
Customers	426	- 5	453	- 6
Securities	326	- 35	380	- 45
– of which funds managed for third parties	*230*		*251*	
Derivative instruments	2	- 2	2	- 4
Foreign exchange	7	- 1	8	- 1
Financing and guarantee commitments	13	- 4	14	- 4
Services provided	576	- 320	616	- 358
Total	**1,353**	**- 369**	**1,476**	**- 421**

Note 26 Net gains (loss) on financial instruments at fair value through profit or loss

	1st Half 2012	1st Half 2011
Trading derivative instruments	693	233
Instruments designated under the fair value option [1]	115	47
Ineffective portion of hedging instruments	- 29	- 38
– Cash flow hedges	0	0
– Fair value hedges	- 29	- 38
Change in fair value of hedged items	*- 388*	*- 7*
Change in fair value of hedging items	*359*	*- 30*
Foreign exchange gains (losses)	16	20
Total changes in fair value	**795**	**262**

1. Of which €67 millions relating to the private equity business line.
Of the inefficiency in the first half of 2012, €58 million resulted from a change in the yield curve used during the first half, with the OIS yield curve used instead of the Euribor yield curve, to discount swaps collateralized by cash.

Note 27 Net gains (loss) on available-for-sale financial assets

	1st Half 2012			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		5	0	5
Equities and other variable-income securities	6	- 5	19	21
Long-term investments	39	39	19	97
Other	0	- 1	0	- 1
Total	**45**	**38**	**39**	**122**

	1st Half 2011			
	Dividends	Realized gains (losses)	Impairment losses	Total
Government securities, bonds and other fixed-income securities		- 23	6	- 17
Equities and other variable-income securities	0	18	- 1	17
Long-term investments	59	9	1	69
Other	0	2	0	2
Total	**59**	**6**	**5**	**70**

Note 28 Other income and expense

	1st Half 2012	1st Half 2011
Income from other activities		
Insurance contracts	4,781	5,080
Investment property *– gains on disposals*	0 *0*	0 *0*
Other income	432	401
Sub-total	**5,224**	**5,491**
Expenses on other activities		
Insurance contracts	- 4,058	- 4,319
Investment property *– net movements in depreciation, amortization and impairment (based on the accounting method selected)* *– losses on disposals*	- 11 *- 11* *0*	- 8 *- 8* *0*
Other expenses	- 267	- 251
Sub-total	**- 4,335**	**- 4,578**
Other income and expense net	**888**	**913**

Net income from the insurance business line

	1st Half 2012	1st Half 2011
Earned premiums	3,794	4,164
Claims and benefits expenses	- 2,859	- 2,535
Movements in provisions	- 1,213	- 1,800
Other technical and non-technical income and expense	39	36
Net investment income	963	896
Total	**724**	**762**

Note 29 General operating expenses

	1st Half 2012	1st Half 2011
Payroll costs	- 1,467	- 1,362
Other operating expenses	- 1,175	- 1,177
Total	**- 2,641**	**- 2,539**

Note 29a Payroll costs

	1st Half 2012	1st Half 2011
Salaries and wages	- 969	- 882
Social security contributions	- 371	- 347
Employee benefits	- 1	- 5
Incentive bonuses and profit-sharing	- 52	- 54
Payroll taxes	- 72	- 74
Other expenses	- 2	0
Total	**- 1,467**	**- 1,362**

Number of employees

	1st Half 2012	1st Half 2011
Average number of employees		
Banking staff	26,184	24,685
Management	14,118	13,337
Total	**40,302**	**38,022**
Analysis by country		
France	29,813	27,868
Rest of the world	10,489	10,154
Total	**40,302**	**38,022**

Includes 283 employees of Targobank Spain and 86 employees of Banque Casino, consolidated using the proportional method.

	1st Half 2012	1st Half 2011
Number of employees at end of period *	**42,925**	**40,699**

* The number of employees at the end of period corresponds to the total number of employees in all entities controlled by the Group at June 30. In contrast, the consolidated average number of employees (full-time equivalent, or FTE) is limited to the scope of financial consolidation (full or proportional consolidation).

Note 29b Other operating expenses

	1st Half 2012	1st Half 2011
Taxes and duties	- 112	- 129
External services	- 932	- 920
Other miscellaneous expenses (transportation, travel, etc.)	10	10
Total	**- 1,034**	**- 1,039**

* The 2012 amended French budget calls for an additional tax on systemic risk in the same amount as the systemic tax, or €36 million payable on August 31. It will represent an expense in the third quarter.

Note 29c Depreciation, amortization and impairment of property, equipment and intangible assets

	1st Half 2012	1st Half 2011
Depreciation and amortization	- 140	- 138
– *property and equipment*	*- 95*	*- 95*
– *intangible assets*	*- 45*	*- 43*
Total	**- 141**	**- 138**

Note 30 Impairment and loan loss provisions

1st Half 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	- 21	23	- 1	0	0	1
Customers	- 599	608	- 344	- 178	51	- 462
– Finance leases	- 3	3	- 2	- 2	0	- 3
– Other customer items	- 597	604	- 342	- 176	51	- 459
Sub-total	**- 620**	**631**	**- 345**	**- 178**	**51**	**- 460**
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets [1]	- 1	409	- 461	- 23	21	- 55
Other	- 25	34	0	0	0	9
Total	**- 646**	**1,074**	**- 806**	**- 200**	**72**	**- 506**

1. Includes €30 millions related to the sale of Greek sovereign securities (see Note 7b).

1st Half 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	- 55	19	0	0	0	- 36
Customers	- 690	738	- 342	- 197	53	- 438
– Finance leases	- 10	4	- 1	- 1	0	- 9
– Other customer items	- 680	734	- 341	- 196	53	- 429
Sub-total	**- 744**	**757**	**- 342**	**- 197**	**53**	**- 474**
Held-to-maturity financial assets	0	0	0	0	0	0
Available-for-sale financial assets [1]	- 146	0	- 19	- 31	31	- 165
Other	- 28	44	0	0	0	15
Total	**- 919**	**801**	**- 361**	**- 228**	**84**	**- 624**

1. Includes €142 million impairment losses on Greek sovereign debt.

Note 31 Gains (losses) on other assets

	1st Half 2012	1st Half 2011
Property, equipment and intangible assets	9	50
– *Losses on disposals*	- 3	- 2
– *Gains on disposals*	12	52
Gains (loss) on consolidated securities sold	1	0
Total	**10**	**50**

Note 32 Change in value of goodwill

	1st Half 2012	1st Half 2011
Impairment of goodwill	0	0
Negative goodwill recognized in income	0	0
Total	**0**	**0**

Note 33 Corporate income tax

Breakdown of income tax expense

	1st Half 2012	1st Half 2011
Current taxes	- 377	- 419
Deferred taxes	3	- 21
Adjustments in respect of prior years	- 1	2
Total	**- 375**	**- 438**

Note 34 Earnings per share

	1st Half 2012	1st Half 2011 restated
Net income attributable to the Group	517	755
Number of shares at beginning of period	26,496,265	26,043,845
Number of shares at end of period	26,532,613	26,043,845
Weighted average number of shares	26,514,439	26,043,845
Basic earnings per share	**19.49**	**28.98**
Additional weighted average number of shares assuming full dilution	**0**	**0**
Diluted earnings per share	**19.49**	**28.98**

Note 35 Related party transactions

Statement of financial position items relating to related party transactions

	1st Half 2012		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération Nationale
Assets			
Loans, advances and securities			
– Loans and receivables due from credit institutions	*12*	*213*	*1,002*
– Loans and receivables due from customers	*36*	*0*	*22*
– Securities	0	0	459
Other assets	0	4	0
Total	**48**	**217**	**1,483**
Liabilities			
Deposits			
– Due to credit institutions	*0*	*3*	*6,588*
– Due to customers	*124*	*3*	*15*
Debt securities	0	0	1,011
Other liabilities	56	0	184
Total	**180**	**6**	**7,799**
Financing and guarantee commitments			
Financing commitments given	0	97	0
Guarantee commitments given	0	0	0
Financing commitments received	0	0	0
Guarantee commitments received	0	0	248

Income statement items relating to related party transactions

	1st Half 2012		
	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération Nationale
Interest received	5	0	21
Interest paid	0	0	- 49
Fee and commissions received	4	0	0
Fee and commissions paid	- 5	0	0
Other income (expense)	8	0	2
General operating expense	- 156	4	0
Total	**- 144**	**4**	**- 26**

	1st Half 2011				
	Parent companies – CM11 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération Nationale	Parent companies – CM10 Group
	39,576	*0*	*160*	*1,275*	*47,844*
	0	*40*	*0*	*44*	*0*
	389	0	0	522	352
	0	0	0	0	0
	39,965	**40**	**160**	**1,842**	**48,195**
	8,627	*0*	*0*	*4,470*	*15,275*
	26	*140*	*0*	*38*	*25*
	0	0	0	1,003	3
	1,256	32	0	174	1,250
	9,908	**172**	**0**	**5,685**	**16,553**
	2,200	0	102	0	0
	0	0	0	0	2
	0	0	0	0	0
	648	0	0	226	564

	1st Half 2011				
	Parent companies – CM11 Group	Companies consolidated using the equity method	Companies consolidated using the proportional method	Other companies affiliated to the Confédération Nationale	Parent companies – CM10 Group
	649	6	0	55	665
	- 100	0	0	*- 76*	*- 107*
	11	3	0	0	12
	- 93	- 2	0	- 2	- 120
	7	9	0	- 38	14
	- 17	- 151	0	0	- 17
	457	**- 136**	**0**	**- 61**	**447**

Report of the Statutory Auditors on the consolidated financial statements

This is a free translation into English of the statutory auditors' report on the 2012 half-yearly financial information issued in French and it is provided solely for the convenience of English-speaking users. The statutory auditors' report includes information specifically required by French law in such reports, whether qualified or not. This information is presented below the audit conclusion on the condensed consolidated financial statements and includes explanatory paragraphs discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were made for the purpose of issuing an audit conclusion on the condensed consolidated financial statements taken as a whole and not to provide separate assurance on individual account captions or on information taken outside of the condensed consolidated financial statements. This report also includes information relating to the specific verification of information in the group management report. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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S.A.S. à capital variable
(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
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Banque Fédérative du Crédit Mutuel

BFCM
Period from January 1 to June 30, 2012

Statutory Auditors' report
on the half-yearly financial information

To the Shareholders,

In compliance with the assignment entrusted to us by your annual general meeting and in accordance with Article L. 451-1-2 III of the French Monetary and Financial Code, we hereby report to you on:

- our limited review of BFCM's condensed half-year consolidated financial statements for the period from January 1 to June 30, 2012, as attached to this report; and;
- the verification of the information contained in the interim management report.

These condensed half-year consolidated financial statements have been prepared under the Board of Directors' responsibility. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our review in accordance with the professional standards applicable in France. A review of interim financial information consists mainly in making enquiries of the senior executives responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially more limited in scope than an audit conducted in accordance with the professional standards applicable in France and consequently does not enable us to obtain the same degree of assurance that the financial statements, taken as a whole, are free from material misstatements.

Based on our review, no significant irregularities have come to our attention that might cause us to believe that these condensed half-year consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – IFRS as adopted by the European Union relating to interim financial information.

2. Specific verification

We also verified the information provided in the interim management report in respect of the condensed half-year consolidated financial statements subject to our review.

We have no matters to report on the fairness and consistency of this information with the condensed half-year consolidated financial statements.

Paris-La Défense, July 31, 2012
French original signed by
The Statutory Auditors

KPMG Audit	ERNST & YOUNG et Autres
A unit of KPMG S.A.	
Jean-François Dandé	Isabelle Santenac

Annex A
Report on the Board of Director's operations and internal control procedures

The provisions of Article L 225-37 of the French Commercial Code specify that the Chairman of the Board of Directors must present a separate report – which is submitted along with the annual report – on the composition of the Board, the conditions under which it prepares and organizes its work and internal control and risk management procedures implemented by the company, as well as any limitations placed by the Board of Directors on the authority of the Chief Executive Officer.

A. Preparation and Organization of the Work of the Board

Composition of the Board

The Board of Directors of Banque Fédérative du Crédit Mutuel currently consists of 18 members appointed by the General Meetings of Stockholders for three years and 12 non-voting members also appointed for three years by the Board in accordance with article 20 of the company's bylaws.

The list of directors and a description of their functions exercised at other companies is presented in the appendix, in accordance with legal requirements.

The Board includes representatives from partner Groups (Ile-de-France, Savoie-Mont Blanc, Sud-Est, Midi-Atlantique, Centre, Dauphiné-Vivarais, Loire-Atlantique et Centre-Ouest, Méditerranéen and Normandie).

Two employees have seats on the Board of Directors on behalf of the interfederal Works Council.

There are no attendance fees or stock options.

Operation of the Board. Executive Management operating methods

Pursuant to the provisions of Article L 225-51-1 of the French Commercial Code, the Board chose a single-board governance system for executive management at its October 22, 2010 meeting.

Michel Lucas, the Chairman of the Board, also exercises the executive management function. In that capacity, he organizes and directs the work of the Board. He represents the company to third parties. In that context, he has the broadest authority to act on behalf of the company.

There are no internal rules formalizing the operating rules of the Board, which is subject to legal provisions.

Individually, directors are required in their capacity as elected representatives to comply with the code of ethics applicable within the Group and uphold their duty to use discretion and maintain confidentiality on all matters related to the company's business purpose.

In 2011, the Board met seven times. The average attendance rate was 75%.

Prior to each Board meeting, a comprehensive file on the agenda items is mailed to all directors, non-voting directors and Works Council representatives.

At each Board meeting, the managers responsible for activities involving one or more agenda items are invited to present them, offer comments or answer any questions.

The minutes of the Board meetings are presented to the directors for their approval.

All Board meetings represent an opportunity to review the results and outlook of our business activities.

The February 24, 2011 Board meeting focused on the review and approval of the financial statements as well as the preparations for the Ordinary and Extraordinary General

Meetings of Stockholders that were held on May 11, 2011. The Board was informed of the February 21, 2011 Report of the Group Audit and Financial Statements Committee.

In accordance with the December 13, 2010 application law amending CRBF Regulation 97-02, the Board also approved the framework memorandum on the variable remuneration policy for professionals performing a regulated activity, which includes the regulatory principles adapted to our Group.

As it does at each meeting, the Board reviewed the Group's financial activities performance indicators (refinancing, credits, proprietary trading).

The April 8, 2011 Board meeting focused on the agenda for the May 11, 2011 Extraordinary General Meeting of Stockholders. It appointed Alain Fradin as Chief Operating Officer of BFCM.

The May 11, 2011 Board met at the conclusion of the General Meeting of Stockholders in order to renew Michel Lucas' term of office as Chairman and Chief Executive Officer of BFCM.

The July 1, 2011 Board decided to proceed with the capital increase authorized by the Extraordinary General Meeting of Stockholders, thereby increasing shareholders' equity from €1,302,192,250 to €1,324,813,250. The Board took due note of the May 2, 2011 report of the Audit and Financial Statements Committee as well as the April 18, 2011 report of the Group Risk Monitoring Committee.

The July 28, 2011 meeting focused on the closing of the parent company and consolidated interim financial statements as of June 30, 2011. The Board also took due note of the definitive completion of the capital increase and decided to amend article 6 of its bylaws accordingly.

The Board's sixth meeting was held on October 6, 2011 and gave full authority to Michel Lucas to sign the final partnership protocol with Groupe Desjardins.

The final meeting of the year was held on November 18, 2011. The Board was informed of the Group Risk Monitoring Committee's work of October 25, 2011 and of the September 12, 2011 report of the Group Audit and Financial Statements Committee. It reviewed the banking network activities for the CM10 scope and the financial statements and came up with a preliminary earnings estimate. It also reviewed 2011 budget trends and preparations for the 2012 budget.

All Board meetings addressed items involving subsidiaries and other long-term investments, intra-Group financial relations, credit decisions made by the Credit Committee and, where applicable, the affiliation of new local Caisses.

The length of the meetings depends on the number of agenda items and nature of subjects up for consideration.

The number of meetings may vary from one year to the next depending on circumstances; in recent years, the Board has met at least four times.

Written communications may be used in cases of emergency. The decisions taken under those circumstances are reiterated at the following Board meeting.

B. The Internal Control and Risk Management System

BFCM's internal control and risk management are integrated into the overall internal control system implemented by the CM10 [1]-CIC Group as described below.

The work undertaken in the area of internal control and risk management is aimed at ensuring the application of all rules set by the regulatory authorities for the exercise of the Group's activities, based on internal policies as well as applications, guidelines and procedures implemented for that purpose. This report was therefore drafted with the assistance of the departments responsible for internal control and risk management by performing the required due diligence for its preparation and, where necessary, referring to the reference framework and application handbook recommended by the French Financial Markets Authority.

1. The CM10-CIC Group's overall internal control system

The internal control and risk management system is an integral part of the Group's central organization, charged with the responsibility of ensuring compliance with regulatory measures, proper risk management, securing transactions and improving performance.

1.1 A common, structured and independent system

The Group ensures that the system implemented is adapted to its size, operations and the scale of its risk exposure.

By using common methods and applications, the established internal control and risk measurement system aims in particular to:

- cover all Group activities comprehensively,
- identify, assess, monitor and aggregate risks in a consistent manner and on a consolidated basis,
- ensure compliance with applicable laws and regulations as well as internal policies,
- ensure the smooth operation of internal processes and the reliability of the financial information.

The organization implemented serves mainly to verify the quality and comprehensiveness of the internal control system. The Group ensures for both itself and the companies it controls that the established system is based on a set of procedures and operational limits consistent with regulatory requirements and approved standards. To that end, it relies on the methods and applications defined at Group level as well as on generally accepted practices in the area of internal audit and control.

One constant objective that guides the actions of all Group internal control departments consists of identifying the main risks based on guidelines and mapping and monitoring them with appropriate limits, formalized procedures and dedicated applications. In addition to their efforts aimed at identifying and minimizing risks, these departments also parti-

1. Crédit Mutuel Centre Est Europe, Crédit Mutuel du Sud-Est, Crédit Mutuel Ile-de-France, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi Atlantique, Crédit Mutuel du Centre, Crédit Mutuel Normandie, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Méditerranée, Crédit Mutuel Loire Atlantique Centre Ouest.

cipate in the initiatives designed to enhance risk management. Meanwhile, the analytical applications and monitoring reports make it possible to review on a regular basis the Group's risk exposure related to its activities, including counterparty, market, liquidity, ALM and operational risks. In accordance with regulatory provisions, a risk assessment and monitoring report is prepared annually along with the internal control report. This risk assessment and monitoring report includes an in-depth review of the risk management system.

The Group continuously strives to ensure a satisfactory balance between the objectives assigned to internal control and the corresponding resources provided.

The necessary independence for controls is guaranteed by the fact that the people exercising them work in dedicated control units, have no operational responsibilities and have reporting responsibilities within the organization that preserve their freedom of judgment and assessment.

1.2. The organization of controls

The CM10-CIC Group's control system satisfies a dual objective:

– break down the various types of existing control among separate functions (periodic, permanent and compliance), in accordance with regulatory provisions;

– harmonize the control work performed within the Group through the establishment of a common organization based on homogeneous and complementary methods and applications.

In order to perform their functions, the heads of the control departments have permanent and unrestricted access to persons, offices, equipment, applications and all types of information across the entire scope of the Group. They may assign part or all of their prerogatives to their employees as warranted by circumstances.

A breakdown by types of control

Apart from the controls exercised by management personnel in the course of their day-to-day activities, the exercise of controls is the responsibility of:

– periodic control for in-depth assignments of an audit nature, performed as part of a control cycle over several years;

– permanent controls for all work of a recurring nature performed with remote control applications;

– compliance control, in particular for all matters related to the application of regulatory measures and internal policies (*fight against money-laundering, control over investment services, regulatory watch, ethics, etc.*).

Periodic control is responsible for ensuring the overall quality of the entire internal control system and the effectiveness of risk management and monitoring as well as the smooth operation of permanent controls and compliance.

A breakdown by networks / business lines

Within the control networks, the tasks are divided into one branch for the retail bank networks (*Crédit Mutuel regional federations, CIC regional banks, foreign branch networks*) and one for the business lines (*specialized subsidiaries, large accounts, capital markets* *activities, asset management, financial services and payments, etc.*). For each of these control branches, a manager is appointed who exercises his functions at the CM10-CIC Group level.

A common support division for the various types of control

This division dedicated to control functions is charged with:

– developing and upgrading the applications needed for effective control;

– ensuring the development of the required reporting applications to monitor transactions and control audits, as well as to inform management bodies at the central and local (regions and subsidiaries) levels;

– ensuring the control applications among the various control functions complement each other for optimal coverage of the Group's risks.

The support division receives substantial support from the Group's IT resources.

1.3. System governance by the Group Control and Compliance Committee (CCC)

Under the authority of a member of the executive body, the Control and Compliance Committee includes the Group's heads of control (*periodic, permanent and compliance*) and risk management; it meets regularly and has the following objectives:

– to approve the control plans, examine the results of control audits performed by the periodic control departments as well as the work carried out by permanent control and the compliance function, and, if necessary, make recommendations to the executive body on needed improvements,

– analyze the conclusions of external control audits, notably those of regulatory authorities, and monitor the implementation of recommendations by the Group entities,

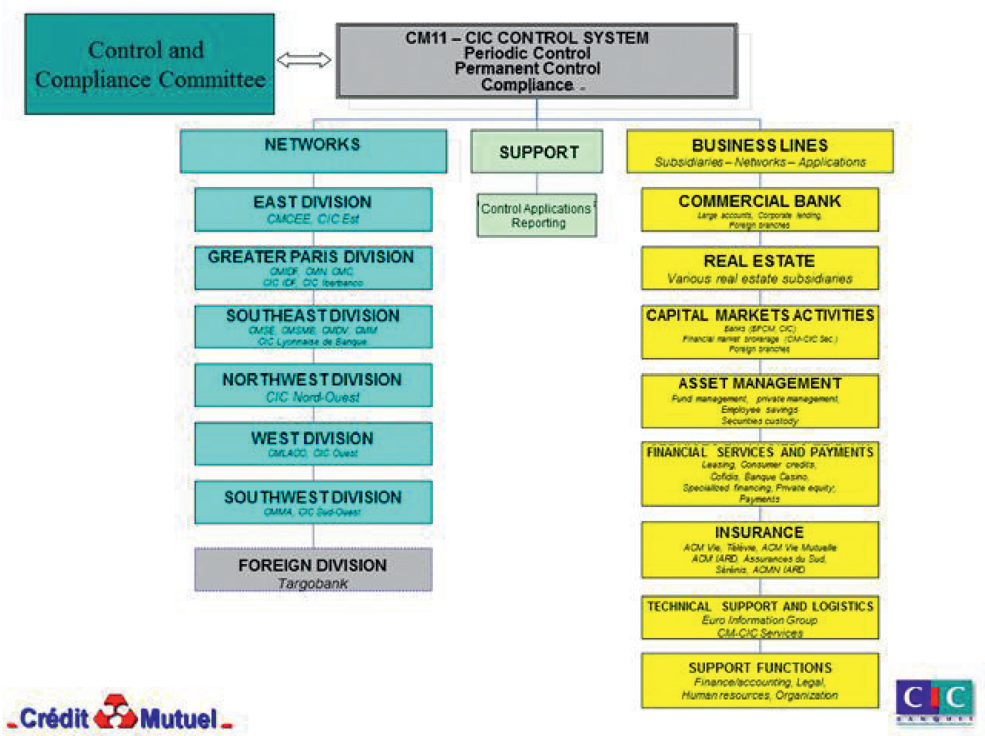
– ensure the actions and tasks of the various control and compliance participants complement each other,

– validate all new control procedures or changes affecting the organization of control functions; in 2011, it therefore approved a limited and controlled change in the code of ethics rules related to potential actions by sensitive functions on certain financial instruments.

It met four times in 2011 (*February 7, May 30, October 3, December 5*).

At the May 30, 2011 meeting, Nicolas Thery was appointed as a permanent member of the CCC in light of the new functions assumed by Alain Fradin, who nevertheless continues to be the Committee's Chairman.

◆ *Summary chart of the existing organization (01/2012)*



The Control and Compliance Committee reports to the Group Audit and Financial Statements Committee, which represents the Group's deliberative bodies.

1.4. The Group Audit and Financial Statements Committee

In order to satisfy the requirements arising from the transposition of European directive 2006/43/EC related to the statutory audit of the parent company financial statements and the consolidated financial statements by the December 8, 2008 Ordinance No. 2008-1278, as well as those arising from new governance standards, a CM11-CIC Group-level Audit and Financial Statements Committee was established.

The Group Audit and Financial Statements Committee consists of directors representing the Crédit Mutuel federations that are members of Caisse Fédérale de Crédit Mutuel (*in principle one per federation*) and two members of CIC's Board of Directors. Three of its members have special expertise in accounting and financial matters.

In 2011, the five new federations of CM10 appointed their representatives to the Group Audit and Financial Statements Committee (*François Duret - CMC, Alain Pupel - CMDV, Albert Taillandier – CMLACO, Danielle Joannes - CMM, JP Bertin - CMN*).

On July 27, 2011, Claude Freixanet, the representative from Crédit Mutuel Midi Atlantique, was appointed Chairman of the Audit and Financial Statements Committee, taking over the position from departing Chairman Constant Klein.

The independence of the Committee members is ensured by the fact that they all come from the Group's mutual banking level, and are therefore elected by the share-owning members of their respective local Caisse. This independence is strengthened by the voluntary nature of membership of the Audit and Financial Statements Committee.

With respect to internal control, the Group Audit and Financial Statements Committee:

– examines the provisional internal control program,

– is informed of the annual report on consolidated internal control,

– is informed of the conclusions of the main audits performed by the periodic control department as well as the results of the permanent control and compliance departments,

– is informed of conclusions of external controls, notably any changes recommended by the regulatory authorities,

– is informed of actions implemented to follow up on the main recommendations identified in the internal and external control reports,

– assesses the efficiency of the internal control systems.

The Audit and Financial Statements Committee makes recommendations to the various deliberative bodies on any improvements it deems necessary based on findings brought to its attention.

With respect to financial reporting, the Committee:

– is responsible for monitoring the process for preparing financial information,

– supervises the statutory audit of the parent company financial statements and of the consolidated financial statements,

– participates in the choice of statutory auditors and has unrestricted access to them to learn about their work plan, ensure that they are capable of carrying out their audit and discuss the findings of their work with them,

– examines the annual and consolidated financial statements,

– assesses the conditions for their preparation and ensures the relevance and continuity of the accounting policies and methods.

The Audit and Financial Statements Committee met four times in 2011 (*February 21, May 2, July 27 and September 12*). Its meetings are summarized in reports submitted to the deliberative bodies of the various federations and CIC so as to fully inform the directors.

1.5 The risk management system

Group Risk Department

The mission of the Group Risk Department, which regularly analyzes and reviews all types of risks with an eye toward the return on allocated regulatory capital, is to contribute to the Group's growth and profitability while ensuring the quality of the risk management systems.

The Group Risk Committee (GRC)

This committee meets quarterly and includes the operational risk managers, namely the Head of the Risk Department and the heads of the business lines and functions involved (*Commitments department, Capital Markets department, Finance department, Retail banking, Corporate and investment banking, Real estate, Private equity*) together with Executive Management. This Committee is responsible for overall *ex-post* and *ex-ante* risk monitoring.

The Group Risk Monitoring Committee (GRMC)

This committee consists of members of the deliberative bodies and meets twice a year to review the Group's strategic challenges and opportunities in the risk area.

In 2011, the five new federations in CM10 appointed their representatives to the GRMC (*Claude Leveque - CMC, Michel Vieux - CMDV, Guy Halais - CMLACO, Jean-Paul Panzani - CMM, P. Gallienne - CMN*).

Based on the findings presented, the Committee makes recommendations to the Group's deliberative bodies on all decisions of a prudential nature applicable to all Group entities.

The Head of the Risk Department presides over the meetings of this Committee and is responsible for the presentation of the files prepared for the various risk areas based on the work of the Group Risk Committee. Executive Management also participates in the meetings of this Committee, which may also invite the heads of the business lines with a stake in the items on the meeting agenda.

2. Internal control procedures specific to BFCM

As the holding company for the Group – which is owned by Caisse Fédérale de Crédit Mutuel, Assurances du Crédit Mutuel and the Caisses de Crédit Mutuel Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi Atlantique, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Loire Atlantique Centre Ouest – BFCM manages the investments held in the Group's specialized subsidiaries, all of which are subject to the Group's overall internal control system.

As an integral part of the CM10-CIC Group, BFCM has also implemented an internal control system for activities that it manages at its level. This system satisfies the same risk prevention and management objectives.

BFCM manages the cash of Crédit Mutuel and CIC and performs financial market transactions. It develops a financial engineering business and manages relations with international partners.

As an integral part of BFCM and CIC, CM-CIC Marchés consolidates all of the CM10-CIC Group's capital markets activities on one trading floor in order to refinance the entire CM10-CIC Group (through a single cash management team), develop the Group's capacity to sell capital markets products to customers and strengthen its proprietary trading activity.

The monitoring methods, procedures and limits system are presented in a set of rules.

The Board of Directors of CIC and Board of Directors of BFCM approve the strategy of each business line (refinancing, commercial, proprietary), capital allocation, limits and budget monitoring.

In this system, capital markets activities are steered by several units:

– The management of the CM-CIC Marchés Department defines the strategy, analyzes the business activity, results, risks and limits compliance, and coordinates the operational aspects (information system, budget, human resources, procedures),

– The Capital Markets Risk Committee, which meets monthly, monitors compliance with the body of rules and decisions established by the CM-CIC Marchés Department and validates the operational limits within the general limits set by the CIC Executive Board and BFCM Board of Directors,

– The CM-CIC Marchés Credit Committee, which meets weekly, is responsible for approving credit line requests as part of delegations of authority granted by the CM10-CIC Commitments Committee.

The internal control system is supported on the one hand by the work of the back office departments, which are responsible for controlling risks, results and accounting and regulatory control, and on the other by a team dedicated to monitoring capital markets activities, which reports to the manager of the business lines permanent control and the compliance function.

Just as they consolidated their capital markets activities under one roof, BFCM and CIC also combined their large accounts activity within CM-CIC Large Accounts. The applications and procedures were harmonized accordingly. The coordination of control tasks through a single portal is ensured by the head of business lines permanent control; the results of the controls conducted during the year were integrated within the same portal.

BFCM handles the Group's depositary activity. The depositary control plan is based on the definition of a set of control tasks and is established in concert with the BFCM business line permanent control and compliance departments. This plan strengthens the customer risk and product risk approach by implementing respective control processes, one for new customer relations development and the other for the analysis of UCI creation. The plan makes it possible to perform a comprehensive ex-post control and identify all risks related to fund management.

The ethics provisions are integrated into a code of ethics that covers both the general principles and the specific measures implemented in the context of BFCM's activities. The fundamental principles of respecting the primacy of the customer's interests and market integrity are addressed in particular.

As part of the operational risk management activities, operational risks arising from capital markets activities were assessed.

BFCM participates in the updating of its specific risk mapping and the related valuation models.

With respect to back-up measures, a Disaster Recovery Plan for all capital markets activities has been established. This plan addresses the major risks related to unavailable offices, technical resources and staff. It is based on the existence of two multipurpose sites, each one backing up the other, back-up information technology resources and work organization in employee pairs or even groups of three. A quarter of the staff have also been equipped with portable computers enabling remote connections. The Disaster Recovery Plan is regularly updated and tested.

Group Audit performs periodic control on a multiyear schedule. The findings of these audits are presented to the Control and Compliance Committee and the Group Audit and Financial Statements Committee. They are also contained in the annual report submitted to the French Prudential Supervisory Authority. The audits may be general or specific in nature.

3. Internal control related to the preparation and processing of accounting and financial information

3.1. The role of governance bodies and the Group Audit and Financial Statements Committee

At the close of each reporting period involving financial statements or financial information to be published, this information is presented by the Finance Department to the Board of Directors. The determination of the earnings and the presentation of the financial situation and activity are part of an analysis that includes reconciliations with nonaccounting information (*interest rates, average capital, etc.*).

The accounting principles applied that have a material impact have been previously reviewed and approved by the statutory auditors. These auditors are regularly invited to participate in the meetings of the Board of Directors held to approve the financial statements. They are asked to report on their audit and present the results of their work to the deliberative body.

The Group's accounting principles used for the financial statements consolidation are presented in the Notes to the financial statements.

The accounting work is presented regularly to the Group Audit and Financial Statements Committee, which is independent of the Finance department and charged in particular with a review of the process for preparing the financial statements and financial information disclosed by the Group.

During the past year, information presented to the Group Audit and Financial Statements Committee focused on:

– changes in the Group's scope and its impact on the consolidated financial statements (*expansion from CM5 to CM10, with the addition of five Crédit Mutuel federations to the collective banking license scope, investment in Banque Casino, etc.*),

– the consolidated results and their in-depth analysis (*analysis of the various items for the intermediate analytical account balances, sector analyses by business line, analysis of general and administrative expenses, actual allocations to provisions for loan losses and collective provisions, etc.*),

– changes in the factors used to calculate the solvency ratio (*capital and risks*).

3.2. Specificities to the banking activity

The governance of the accounting and financial organization is structured in order to satisfy the specificities of a credit institution's activities:

– nearly all of the economic transactions carried out by a bank result in a financial payment or commitment that needs to be accounted for;

– a significant volume of accounting entries are based on fully automated recording processes for the executed transactions;

– unlike the situation in industrial or commercial companies, accounting entries are decentralized throughout the entire organization and not consolidated in just one accounting department.

The vast majority of the accounting entries are therefore executed by the IT system based on preset configurations.

These automated circuits are designed to ensure:

– the comprehensiveness, reality, measurement and proper classification of the accounting depiction of completed economic transactions;

– prevention of fraud risk by predefining in a centralized manner the transactions that each participant is authorized to execute;

– rapid and regular accounting centralization, with entries recorded in real time or at least once every business day in the case of batch processing;

– de facto homogenization of accounting data among the Group's various companies.

3.3. The accounting system

The accounting architecture

The company's IT platform operates in common with 15 Crédit Mutuel federations and the CIC banks, which includes common accounting and regulatory features involving in particular:

– the chart of accounts, whose structure is the same for all institutions administered on this platform;

– the definition of automated processes and procedures shared by all banks (payments, deposits and credits, current transactions, etc.);

– reporting applications (BAFI, input of consolidation software, etc.) and management control applications.

In that context, the administration of the common accounting IT system is entrusted to dedicated divisions, the "Accounting Procedures and Processes" divisions, which represent autonomous units within either the CM10-CIC Finance department "retail banking/networks" or the CM10-CIC Finance department "specialized business line networks", depending on the case.

These divisions are responsible in particular for:

– the administration of the common chart of accounts (creation of accounts, definition of account characteristics, etc.);

– the definition of common accounting procedures and processes, in accordance with tax and regulatory requirements. To that end and when necessary, the company's Tax department is consulted and the establishment of the processes is subject to a validation procedure involving the various operational managers.

The "Accounting Procedures and Processes" divisions are independent, both hierarchically and operationally from the accounting departments in the strict sense, which enables a separation between the accounting architecture, design and administration functions and the other operational departments.

Within the company, all accounts must be assigned to an operational department that will be responsible for their operation and control; thus no account may be overlooked or lack a clearly designated entity responsible for its monitoring.

The established organization and procedures make it possible to comply with Article 12 of CRBF Regulation 97-02 and ensure the existence of an audit trail.

Chart of accounts

The chart of accounts is based on two main types of accounts: third party accounts, which track the deposits and receivables of individual third parties, and general ledger accounts.

The use of dedicated accounts for deposits from and loans to third parties makes their monitoring possible. With respect to securities custody, CM-CIC Titres uses "inventory" accounting, which distinguishes between third party and proprietary securities ownership (*equity investments*), and external segregation when the custody is no longer provided by the Group (*Financing and capital markets activity*).

The chart of accounts for all credit institutions administered on the common IT platform uses a single nomenclature (Nouveau Plan de Comptes Interne – NPCI chart), which is administered by the "Accounting procedures and processes" divisions.

This chart of accounts defines the account properties with respect to the following areas in particular:

– regulatory attributes (consistency with the chart of accounts of official credit institutions – PCEC, reconciliation to the items of the published financial statements, etc.),

– certain tax characteristics (VAT position, etc.),

– management control characteristics (mandatory presence or not, link to the consolidated chart of accounts, duration of custody for online transfers, presence at headquarters/branch, etc.).

Processing applications

The accounting information processing applications are mainly based on internal applications developed by the Group's IT departments.

To those applications are added several specialized applications, either external or internal, notably a management reporting production application, an accounting balances and financial statements production application, a utility for processing file queries, a consolidation application, a regulatory financial statements processing application, a noncurrent assets management application and tax reporting applications.

Automated controls

Accounting files undergo a series of automated controls prior to final accounting recognition: file balancing, file validation, updating of the audit trail of accounts affected by accounting entries.

Internal applications make it possible to control daily account entries and detect any anomalies.

A dedicated application for automated control of accounts has been deployed since 2010 in order to manage limit amounts on accounting entries, broken down by type of account (*third party/general ledger*), entry type (*debit/credit*), IT application code, entity and the entity's sector of activity.

The application has two levels of control focused on:

– a limit threshold,

– a warning threshold.

The control applies to account processing in real time or batch processing for all applications that do not require that the entries be authorized on the basis of the "four eyes" principle. If a threshold is exceeded, the accounting entry is blocked and shifted to an accrual account. After analysis, the user may:

– in the case of a "warning" level, validate the entry after the control,

– in the case of a "limit" level, complete the transaction only if approved in accordance with the "four eyes" principle.

In all cases, entries recorded above a warning threshold (automatically through file handling or after an override in real time) are tracked and stored in event management.

4. Internal control in the preparation of parent company financial statements and the consolidation process

Controlling parent company financial statement closings

At each closing, accounting information is compared against the forecast management data for validation. The forecast management data are developed by divisions that are independent from the accounting production departments (management control and budget control).

This analytical review focuses in particular on:

– the net interest margin; for fixed-income instruments (deposits, loans and off-balance sheet items), the management control calculates the expected returns and costs based on the average capital observed; these results are then compared with the effective interest rates and validated for each business sector;

– the level of fees and commissions; based on activity indicators, the management control estimates the volume of fees and commissions received and payable, compared with the actual results;

– general and administrative expenses (employee expenses and other general operating expenses);

– net additions to/reversals from provisions for loan losses (provision allocations and recorded losses).

The accounting procedures and accounting processes are formalized. For the branch "network", the procedures are listed on the bank's intranet.

The daily accounting controls are exercised by the appropriate employees at the level of each branch. The accounting control departments also fulfill a general control task involving in particular regulatory controls, the monitoring of justifications of internal accounts, the monitoring of branches, controlling the foreign exchange position, controlling NBI by activity, accounting procedures and processes, the interface between the back offices and statutory auditors.

The control departments (periodic, permanent, compliance) are also called upon to perform duties in the accounting area. A control portal dedicated to the accounting function is in the works.

Controls of the consolidated financial statements

The system is periodically adapted to satisfy regulatory changes (IFRS) or improve the reliability of financial statements production.

The Group entities have applied IFRS accounting principles since January 1, 2005. A summary of IFRS accounting principles is provided in the consolidated financial statements.

CM10-CIC Group identifies the French (CNC) and international (IFRS) accounting principles and methods to be applied by all Group entities in their respective financial statements. Foreign subsidiaries take these policies into account when transitioning from their local accounting standards to French and international standards in the consolidation packages and financial reporting.

Individual company financial statements based on IFRS are prepared in the central IT system for the entities using the common IT system. The individual company IFRS financial statements are closed by the same organization and team as the individual company financial statements prepared in accordance with French accounting principles (CNC).

The Group has a consolidation chart of accounts. In the common IT system, each account in the common chart of accounts includes a link to the consolidated chart of accounts. This link is therefore the same for a single account for all companies that share this chart.

The preparation of the consolidated financial statements is carried out on the basis of a schedule sent to all subsidiaries and the statutory auditors. This schedule includes, where applicable, changes in procedures or standards to be integrated. The person responsible for the closing of the financial statements of the subsidiary and the person responsible for the listing of reciprocal accounts among fully consolidated companies are designated at each consolidated subsidiary.

The statutory auditors of the consolidation send simultaneous audit instructions to the statutory auditors of the consolidated companies. These instructions are intended to ensure the subsidiary's compliance with the various standards, in accord with their own professional standards.

The consolidation of accounts is performed on a dedicated application, one of the leading commercially available standard applications. Inputting data into the consolidation application (consolidation packages) is partially automated based on an interface developed on the accounting IT system, which enables the balances to be recovered automatically and thereby ensuring the consistency between company and consolidated data.

Moreover, the consolidation package may not be submitted by the company until after several verifications to ensure consistency and directly programmed into the package have been satisfied. These control rules (currently more than 600) are developed by the consolidation departments and relate to a number of factors (changes in equity, provisions, non-current assets, cash flows, etc.). So-called blocking controls prevent the package from being submitted by the subsidiary unless a special exception has been granted by the consolidation departments.

The consolidation department also performs consistency controls on the company data upon receipt of the packages (earnings level, intermediate management balances, etc.).

Finally, systematic reconciliation statements between company and consolidated data are prepared with respect to equity and earnings. This process, which makes it possible to ensure the coherence of the transition between accounting series, company and consolidated, is performed independently of the consolidation application, which therefore enables the validation of these consolidated items.

In conclusion, BFCM's internal control and risk management system, which is based on shared methods and applications, is part of the CM10-CIC Group's control organization. The Group is always seeking to strengthen and improve its efficiency.

C. Limitations on the authority of the Chairman and Chief Executive Officer

The Board has not set any limits on the authority of the Chairman and Chief Executive Officer, as set forth by law and our bylaws and internal rules.

D. Principles for determining remuneration granted to company Officers and Directors

The provisions of Article L 225-37 of the French Commercial Code specify that in companies whose securities are admitted for trading on a regulated market, the Chairman of the Board of Directors must also present the rules and principles established by the Board of Directors for determining remuneration and all types of benefits granted to officers and directors.

BFCM's Board of Directors established a set of internal rules for the Remuneration Committee that are consistent with the provisions of CRBF Regulation 97-02.

The annual filing with the Prudential Supervisory Authority (*Autorité de Contrôle Prudentiel – ACP*) pursuant to articles 43-1, 43-2 and 43-3 on the implementation of the remuneration policy was completed with a "Report to the ACP on the remuneration policy and remuneration practices", based in particular on information provided by the HR department with respect to the decision-making process, the main characteristics of the remuneration policy and the quantitative information on financial market managers and professionals. This joint report is applicable to both BFCM and CIC.

The Chairman of the Board of Directors.

Report of the Statutory Auditors on the report of the Chairman of the Board of Directors

(Prepared pursuant to Article L.225-235 of the French Commercial Code)

This is a free translation of a report issued in French and is provided solely for the convenience of English-speaking users. This report should be read in conjunction with and construed in accordance with French law and professional auditing standards applicable in France.

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92923 Paris La Défense Cedex

Statutory Auditor
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institute of accountants

ERNST & YOUNG et Autres
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92400 Courbevoie – Paris-La Défense 1
S.A.S. à capital variable
(Simplified stock company with variable capital)

Statutory Auditor
Member of the Versailles regional
institute of accountants

Banque Fédérative du Crédit Mutuel

BFCM
Year ended December 31, 2011

Report of the statutory auditors, prepared in accordance with Article L. 225-235
of the French Commercial Code, on the Report of the Chairman of the Board of Directors of BFCM

To the Shareholders,

In our capacity as the statutory auditors of BFCM and pursuant to the provisions of Article L. 225-235 of the French Commercial Code, we hereby present you with our report on the report prepared by the Chairman of your company in accordance with the provisions of article L. 225-37 of the French Commercial Code for the year ended December 31, 2011.

It is the duty of the Chairman to prepare and submit for the approval of the Board of Directors a report describing the internal control and risk management procedures implemented within the company and providing all other information required under Article L. 225-37 of the French Commercial Code related in particular to the corporate governance system.

Our duty consists of:

- informing you of our observations regarding the information contained in the Report of the Chairman with respect to internal control and risk management procedures involving the preparation and processing of accounting and financial information, and
- certifying that this report includes the other information required by Article L. 225-37 of the French Commercial Code, it being noted that our duty does not include verifying the accuracy of the other information.

We carried out our work in accordance with generally accepted French professional standards.

Information regarding the internal control and risk management procedures related to the preparation and processing of accounting and financial information

Professional standards require the implementation of due diligence aimed at assessing the accuracy of the information related to internal control and risk management procedures involving the preparation and processing of accounting and financial information contained in the Report of the Chairman. This due diligence consists in particular of:

- being informed of internal control and risk management procedures related to the preparation and processing of accounting and financial information that underlie the information presented in the Report of the Chairman as well as the existing documentation;
- being informed of the work undertaken to prepare this information and existing documentation;
- determining whether the major deficiencies of the internal control related to the preparation and processing of the accounting and financial information uncovered as part of our audit are properly addressed in the Report of the Chairman.

On the basis of this work, we have no observations to make on the information involving the company's internal control and risk management procedures involving the preparation and processing of accounting and financial information contained in the Report of the Chairman of the Board of Directors, established in accordance with the provisions of Article L. 225-37 of the French Commercial Code.

Other information

We hereby certify that the Report of the Chairman of the Board of Directors includes the other information required under Article L. 225-37 of the French Commercial Code.

Paris-La Défense, April 19, 2012
The Statutory Auditors
French original signed by

KPMG Audit
A unit of KPMG S.A.

Jean-François Dandé

ERNST & YOUNG et Autres

Isabelle Santenac

Annex B
Report on the system of procedures to combat money laundering and terrorism financing

1. Persons responsible and employee training

The Group's central compliance function fulfills several roles with respect to the anti-money-laundering and terrorism financing system within the Group, including coordination, management, training, administration and control. The Group's head of compliance (Stéphane Cador, cadorst@cic.fr) reports directly to a member of the Group's Executive Management; he is supported by a national manager of the anti-money laundering and terrorism financing system of procedures (Raoul d'Estaintot, raoul.destaintot@creditmutuel.fr).

To execute its assigned missions, the central compliance function has correspondents within the permanent control and compliance departments of the various regional divisions, business line entities and foreign-based entities. These correspondents, in particular the Tracfin correspondents and declarers, report on a functional basis to the central compliance function.

The integration of the five federations in early 2011 involved:

– the creation of an Ile-de-France (IDF) division pooling the resources of CMIDF and CIC Paris,

– the creation of a "Grand Sud-Est" division combining the CMM, CMDV, CMSMB and CMSE regional federations,

– CMC's assumption of responsibility for second-level controls on behalf of CMN beginning April 1, 2011.

In 2011, a second-level control portal dedicated to the fight against money-laundering was rolled out. This portal is itself the control program in which the Tracfin correspondent records the results of his controls at the scheduled reporting intervals. At this time, he must determine whether the money-laundering and terrorism financing risk is covered.

Since October 2011, the self-training manual has integrated a new Tracfin Version 2011 course that replaces the Tracfin Third Directive course and complements the 16 training modules as well as the summary module that enables training initiatives in the branches; employee are required to have completed this new course by end-2013. New features include a regulatory update, new questions and updated cases and situations; in order to pass, persons taking the course must correctly answer at least 75% of the 25 questions asked on the final quiz.

2. Classification of risks, description of procedures

Classification and duty of vigilance

The classification of money-laundering and terrorism financing risks was continued in 2011 using the methodology and principles described in the 2010 report.

The following money-laundering and terrorism financing risk classifications are now available:

– Network,

– Life insurance, property and casualty insurance,

– Fund management, wealth management,

– Equipment leasing, real estate leasing,

– International business,

– Employee savings,

– Point-of-sale financing,

– Real estate function,

– Large accounts function.

As of end-December 2011, the breakdown of the clientele presenting money-laundering or terrorism financing risk (*i.e. with an attached money-laundering risk code*) was as follows, and showed that heightened vigilance was needed for 0.13% of the clients:

Compared to 2010, the main change was the establishment of a new risk coding "RIE 046 -Vigilance LAB". This risk code can be adapted to all types of situations that require the implementation of complementary or strengthened vigilance measures with respect to client relations. It may be positioned by a function or business line based on its own specificities, notably for the initiation of a new client relationship (*for example without a face-to-face meeting with the client*) or based on the account operating method (*for example an account always operated through a proxy*).

Transactions involving embargoed countries (*1,633 outgoing and incoming transfers totaling €51.6 million*) are executed as part of imports or exports of goods and services whose business purpose is fully justifiable, which are subjected to more stringent control, notably through special questionnaires that take into account regulatory changes and documentary controls.

In order to address measures related to political changes in the countries of the Maghreb region as well as the Tracfin warning messages requesting monitoring of Politically Exposed Persons (*PEP*) from these countries prior to the publication of official lists, an emergency operational procedure "Crisis situation in certain countries" was published on March 3, 2011. It notes the persons within the Group to be contacted, the configuration of files to collect, the relevant scope and the content of the messages to create and disseminate the lists.

In order to improve the updating of knowledge on risky clients, a dedicated section was created in the Tracfin application to ask the branch managers to update the Know Your Customer (KYC) questionnaire once a year for this client group. Links make it possible to review the account operations, examine the client's equipment, track his sales history and check the status of any anti-money-laundering warnings. A second-level control task was implemented in order to ensure that these updates have actually been carried out properly.

Similarly, a new control task is planned in 2012 that focuses on questionnaires for new client relations and clients that are not included in the "RIE LAB" risk-coded category.

Monitoring and special analysis in the event of a freezing of assets

The European Union's list of terrorists is updated automatically. New client relations and the items in the third party database are screened regularly. Similarly, transfers are monitored ex ante in order to block the transaction, where necessary, if it turns out that one of the parties is on the terrorist list or could be subject to an embargo (*OVF application*).

For the financing of activities of French companies doing business in countries subject to embargo measures, the International Activities department implements specific procedures based on customized questionnaires and documentary controls, notably invoices, shipping and customs documents.

The main change relative to 2010 involves the upgrade to the screening application (TIESUS is now SUSPECTS) to automate as much as possible the process for controlling the client database and new client relations.

Control methods with respect to the duty of vigilance in respect of foreign subsidiaries and branches

Special guidelines for these entities were disseminated in 2006 and subsequently updated in 2010 following the transposition of the EU's Third Directive into French law. Under these guidelines, the host country's regulations are applied if they are more stringent than those applicable in France. The guidelines also include points on the duty to establish an anti-money-laundering program adapted to the entity's specific risk classification, to inform the National Compliance department when drafting a report on a suspect transaction or activity or the annual report on internal control, which must include a section on the fight against money laundering. The Compliance Committee's reports must also be submitted.

Contacts were established with the correspondents of the subsidiaries and branches located abroad. Meetings and conferences were held with TARGOBANK in Germany and Spain, Banque de Luxembourg and CIC Switzerland.

Work has begun in order to establish a procedure for intra-Group information sharing.

Conditions for reliance on a third party to identify customers

(Articles L561-7 and R561-13-I)

BFCM has established a customer relations and agreements management application (PRESC) with "financial institution" third parties (i.e. those qualifying as "Intermediaries for Banking and Payment Services Transactions") for the purpose of issuing mortgage loans and business loans. This application was rolled out in the CM10-CIC Group on January 1, 2011. All those firms that qualify as Intermediaries for Banking and Payment Services Transactions are therefore listed in the PRESC application. All agreements drafted in PRESC include a Banking Transaction Intermediary mandate.

The supporting documents related to the identity of the customer as well as, where applicable, the actual beneficiary and the purpose and nature of the customer relationship are provided to the bank before any new customer relationship is opened, since the complete file must be sent to the bank. Only the bank is authorized to determine whether to grant a credit or not based on the submitted documents (*with the exception of cases where the future borrower is already a Bank customer, in which case the due diligence will already have been performed by the Bank*).

With respect to the home country of the service provider, the agreement does not contain any restrictions, although controls may be easily implemented through the application.

The current agreement between the bank and third parties defining the methods for submitting the collected materials and controlling the due diligence implemented is in the process of being updated with respect to the collection of supporting documents and their certification.

Conditions for the use of service providers to identify customers

(Articles R561-13-II)

These provisions apply only in some business lines, in particular Sofemo, CM-CIC Bail, Cofidis, C2C and Banque Casino.

In 2010, efforts were focused on updating the agreements with these third parties in accordance with Article 11-10 of CRBF Regulation 97-02.

The point of sale financing procedure (consumer credit) is currently being updated for the purpose of harmonizing the methods of anti-money-laundering controls among institutions.

Methods for implementing obligations in the area of wire transfers

These methods remained unchanged from those described in the 2010 report.

As a payments service provider for the order giver

The anti-money-laundering procedure for the network indicates that for outgoing wire transfers, there should be no doubt regarding the fact that our "order-giving" customer is behind the transaction. Similarly, the identity of the beneficiary as well as his or her bank account information must be indicated on the wire transfer order:

- the beneficiary must be clearly identified on the wire transfer order, along with his or her bank account information,
- this information must be broken down based on the destination (inside or outside the European Union) of the funds.

As an intermediary payments service provider:

This section applies only to BFCM and CIC Paris. The methods are as follows:

- control that identification information is present for the order giver,
- transmission of information received to the beneficiary's payments services provider for individual transactions and reposting for each individual transaction of information received in the file "Header" for bulk transactions,
- transmission within three working days of complete information on the order giver,
- storage of information for five years and the current year.

As the beneficiary's payments service provider

The anti-money-laundering procedure for the network indicates that for "incoming" wire transfers, there should be no doubt regarding the fact that our "beneficiary" customer is in fact the actual beneficiary of the transaction.

In order to identify the order giver, the following minimum information is required:

- In the case of transfers from a bank established in a European Union member country: at a minimum, a reference to its unique bank code.
- In the case of transfers from outside the European Union, the identity of the order giver must be provided: Name + account number or unique bank code + address or date and place of birth or national identity number.
- In the absence of this information, a clarification must be requested. Any discrepancy must be notified to the Tracfin correspondent to determine whether a report needs to be submitted.

Finally, a warning (EVT 656) notifies the network of any incomplete transaction from abroad with respect to the identification of the order giver, it being noted that all these transactions are detected and monitored by CM-CIC Services, which prompts the deficient institutions if necessary.

Methods for circulating information within the Group

Information needed by the unit responsible for helping to combat money laundering and terrorism financing

The single Tracfin manual has been replaced by two manuals, one for the networks, the other for the business lines. A third manual dedicated to Tracfin notification correspondents and persons working in the anti-money-laundering departments was distributed.

These manuals include:

– the general principles,

– the code of ethics,

– the risk classification procedures by business line as well as by function (checks and wire transfers),

– procedure, compliance, regulatory and jurisprudence fact sheets as well as methodologies (suspicious activity report and anti-money-laundering questionnaire)

– documentation on the applications (Tracfin, second-level control and Anti-money-laundering Compliance portal applications),

– documentation issued by the public authorities (mainly the French ACP's basic guidelines and Tracfin activity reports).

Information related to the existence and content of suspicious activity reports

In addition to the intra-Group coding (RIF), an initiative was launched to define an information-sharing procedure for the clientele's personal identification data in cases involving the implementation of third-party introductions, discussions on the existence or content of a suspicious activity report or the coding of the client's money-laundering risk. This procedure would apply to the various Group entities in France and abroad (Luxembourg, Switzerland, Germany, United States, United Kingdom, Singapore, Monaco, Belgium, Spain) and take into account legal constraints involving confidentiality, money-laundering prevention and personal data protection.

Methods for defining the criteria and thresholds for material discrepancies

The overhaul of the Tracfin application made it possible to establish a data center that serves as a source for monitoring information and statistical data. Statistics were therefore compiled by banks, federations and regional delegations, for Tracfin correspondents and the Compliance Control Committee (CCC).

These statistics include:

– client breakdown by money-laundering risk (RIE LAB) in absolute and relative terms,

– breakdown of outgoing and incoming transfers to and from countries on the black list or subject to an embargo

– monitoring of processing of warnings, review files, proposed and actual suspicious activity reports,

– training,

– monitoring of anti-money-laundering control tasks by the branches (first-level control),

– monitoring of second-level control tasks.

3. Permanent controls

The first-level control plan is included in the dedicated control application (*CINT*), branch-by-branch or Caisse-by-Caisse at Crédit Mutuel. It is supervised by the permanent control teams which are split into regions.

With respect to the second-level permanent control, the results are replicated through the portals for the networks (CINT) and business lines (CINTMT).

However, the second-level controls still have room for improvement with respect to the quality of the comments accompanying the reviews. The degree of completion for new customer files continued to improve, but further work is needed in order to digitize customer identification supporting documents.

The main deficiencies observed include the following areas:

– the degree of completion of files on existing clients still needs to be refined, notably with respect to the existence of a digital ID, it being noted that these documents exist but are usually stored in the accounts;

– files occasionally remain suspended in the Tracfin application, although clear improvements have been made since the introduction of EVT 730, which provides a daily reminder to the appropriate agents of the cases in the application;

– internal training is still insufficiently supported by the heads of the entities;

– justification of transactions formally entered in the Tracfin application could be improved;

– use of the Tracfin application could be optimized at the branch level.

The following corrective measures have been implemented to remedy the deficiencies observed:

– each quarter, permanent control verifies that the network entities have correctly processed the controls and formalized the observations through an analysis of the quality level of each control point for a random sampling of branches;
– in the Tracfin application, a section for clients coded as high risk for money-laundering combined with an icon placed next to the client's name that signals the absence of digitized ID supporting documents, makes it possible to prioritize actions to be taken;
– recommendations have been made to the branches regarding the use of the training cited in the Tracfin manual for the network and the requirement to follow the self-training manual updated in October 2011;
– branches receiving a low rating are included among the priority controls for the following year.

In conclusion, this first year with a second-level control plan dedicated to preventing money-laundering demonstrates good use of applications by the controllers. Their controls demonstrate adequate understanding of the risks, without any significant discrepancies. The main area of focus for 2012 will be on reducing the time required to fill out the files.

A monthly "*Validation Webcheques*" control aims to verify the network's proper application of the control procedure for checks issued. The controls and statistics demonstrate the proper use of this procedure by the branch networks. The number of branches showing discrepancies is limited, and they are contacted systematically.

4. Main deficiencies highlighted by the domestic and foreign control authorities and corrective measures

CF de CM (10278) was audited by the French ACP specifically with respect to anti-money-laundering and terrorism financing. The report had not been received as of the publication date of this registration document.

Last year, the ACP also audited the Marseille airport's foreign exchange counter, which is part of the Crédit Mutuel Méditerranéen regional federation.

Siccfin audited the Monegasque branches of the CMM and CIC LB regional federations. With respect to CIC LB, Siccfin concluded that the recommendations made during the previous audit in late 2008 had been properly followed and did not find any material discrepancies. As for CMM, client record-keeping (paper and electronic) is in need of substantial improvement, notably through the implementation of a summary data sheet.