2012

Registration document and annual financial report

AUTORITÉ
DES MARCHÉS FINANCIERS

AMF

This registration document was filed with the *Autorité des Marchés Financiers (AMF)* on April 19, 2013, pursuant to Article 212-13 of the AMF's General Regulations. It may be used in support of a financial transaction if it is accompanied by a memorandum approved by the AMF. This document was prepared by the issuer and is binding on its signatories.

Chairman's statement

In 2012 CIC continued to pursue its commercial dynamic, with the specific aim of financing the real economy in line with businesses' needs and supporting its customers' projects.

2012 saw a further increase in customer numbers, to nearly 4.6 million, and growth in loans, deposits, insurance, remote banking, telephony and video surveillance.

CIC demonstrated its vitality in serving economic activity: retail banking loan outstandings to finance plant and equipment increased by 5%. Thanks to the motivation of its 21,000 employees, CIC was able to provide solid support for its customers' projects, whether private individuals, associations, self-employed professionals, or corporates.

CIC's parent company, Crédit Mutuel, further strengthened its fundamental business and its financial situation in particular, with equity attributable to owners of the company reaching €37.4 billion (an increase of 12%) and a Core Tier 1 solvency ratio of 14.5% (up by 130 basis points), which is unmatched in France and makes it one of the leading European banks.

Its development model received recognition. The magazine *Global Finance* named it France's best – and safest – bank. It was ranked in top position among French banks by the *Posternak-Ifop* image tracking index, and the *Argus de l'Assurance-OpinionWay* brand image survey also placed it in the first tier of its general ranking.

Supported by a powerful, European-scale group, with proven capacity for innovation, effective tools and the determination to keep ahead technologically in all areas – particularly electronic payment systems, telephony and security – CIC has the resources with which to meet the challenges of the coming years while combining growth, efficiency and control of risks.

For this it can count on the motivation, training, professionalism and responsiveness of its employees, who stay close to their customers and are constantly attentive to their needs.

Maintaining its strategy, CIC will continue to expand and diversify its commercial offering to meet people's needs. As banker to one in three businesses in France, it will strive more than ever to serve their job-creating growth and regional development.

Lucas

Michel Lucas
Chairman and chief executive officer

Contents

PRESENTATION OF CIC

CIC Profile

CIC, the holding company and network bank serving the Greater Paris region, comprises five regional banks and specialist entities covering all areas of finance and insurance both in France and abroad.

4,569,510 customers, including:

3,778,772 individuals

72,200 associations

602,323 self-employed professionals

116,215 corporates

20,446 employees*

2,074 branches in France

3 foreign branches,

34 foreign representation offices and

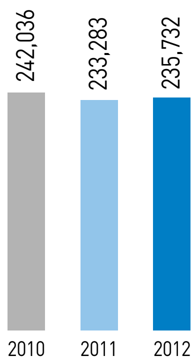
29 foreign private banking offices

Figures as of December 31, 2012.
* Full-time equivalent.

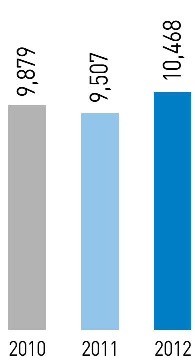
Key consolidated figures

	2012	2011	2010
Net banking income	4,260	4,166	4,637
Operating income after provisions	960	807	1,370
Net income attributable to the company	698	555	1,115
Cost/income ratio[1]	69%	67%	61%

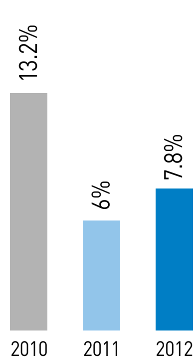
(1) Overheads as a percentage of net banking income.



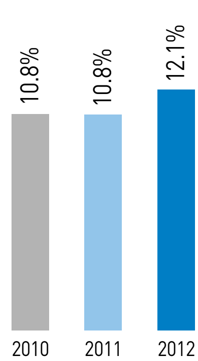
TOTAL ASSETS



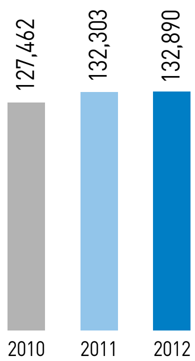
EQUITY
(incl. minority interests)



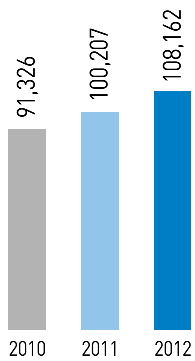
RETURN ON EQUITY[1]



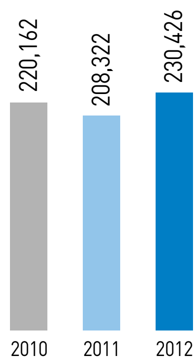
TIER 1 SOLVENCY RATIO
(see p. 84-86)



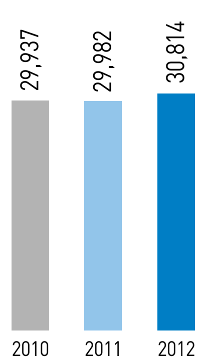
LOANS AND ADVANCES
TO CUSTOMERS



CUSTOMER
DEPOSITS



SAVINGS MANAGED
AND HELD IN CUSTODY[2]



LIFE INSURANCE[3]

(1) Net income attributable to the company as a percentage of opening equity less dividends paid.

(2) Managed savings (life insurance, employee savings plans and UCITS) and customers' securities in custody.

(3) Month-end outstandings.

Source: consolidated financial statements.

Simplified organization chart

The percentages indicate the portion of the entity controlled by CIC as defined under Article L.233-3 of the French Commercial Code (Code de Commerce). The companies not controlled by CIC, i.e. where ownership is less than 50%, are jointly owned by Crédit Mutuel, as detailed opposite. They are therefore controlled by the Crédit Mutuel-CIC group in accordance with the terms of the same article of the French Commercial Code.

CIC

RETAIL BANKING NETWORK	100% CIC Nord Ouest	100% CIC Ouest	100% CIC Sud Ouest	100% CIC Est	100% CIC Lyonnaise de Banque
PRIVATE BANKING(1)	100% CIC Banque Transatlantique	62.7% Dubly Douilhet	100% Banque CIC Suisse	100% Banque de Luxembourg	100% CIC Private Banking-Banque Pasche
PRIVATE EQUITY	100% CM-CIC Capital Finance				
SPECIALIZED BUSINESSES	23.5% CM-CIC Asset Management	100% CM-CIC Gestion	99.9% CM-CIC Epargne Salariale	100% CM-CIC Securities	99.2% CM-CIC Bail
	54.1% CM-CIC Lease	95.5% CM-CIC Factor	100% CM-CIC Aidexport		
INSURANCE	20.5% Groupe des Assurances du Crédit Mutuel				
SHARED SERVICES COMPANIES	12.5% Euro Information	No capital GIE CM-CIC Titres	No capital GIE CM-CIC Services		

(1) Private banking activities are also conducted by CIC's Singapore branch (in situ and via CIC Investor Services Limited in Hong Kong).

CIC comprises:

- CIC (Crédit Industriel et Commercial), the holding company and head of the bank network, which also acts as the regional bank for the Greater Paris region and through which investment, financing and capital markets activities are carried out;
- five regional banks, each of which serves a clearly defined region;
- specialist entities and service companies serving the whole group.

Crédit Mutuel stockholdings by business:

SPECIALIZED BUSINESSES
CM-CIC Asset Management: 76.5%
CM-CIC Bail: 0.8%
CM-CIC Lease: 45.9%
CM-CIC Factor: 4.5%

INSURANCE
Groupe des Assurances du Crédit Mutuel: 79.5%

SHARED SERVICE COMPANIES
Euro Information: 87.5%

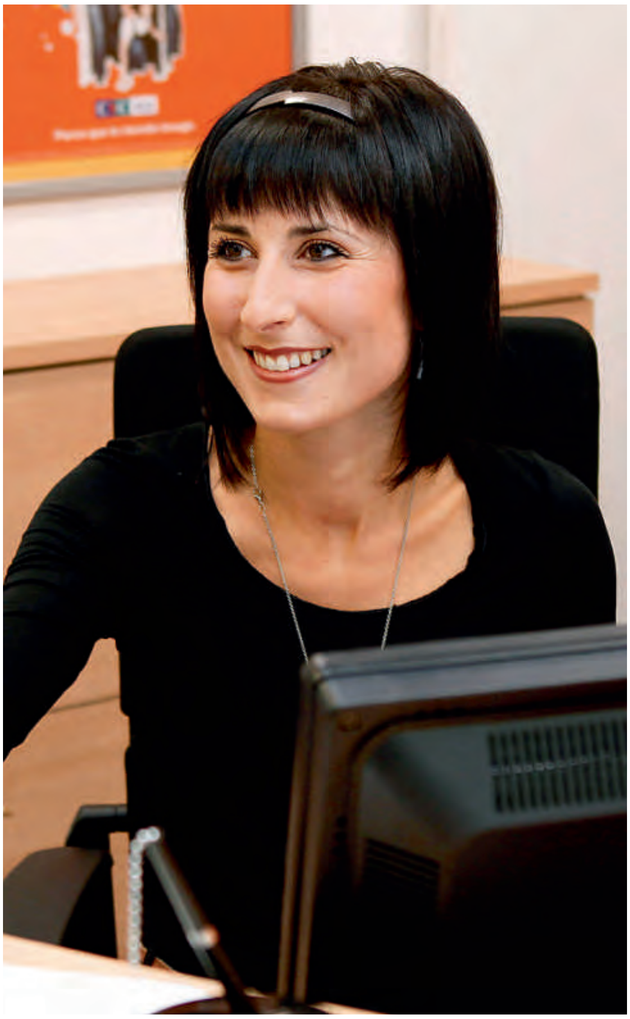
Review of operations

Retail banking*

With net banking income of €3,083 million, operating expenses of €2,245 million, and a cost of risk of €201 million, retail banking posted operating income of €637 million.

Retail banking: key figures (€ millions)	2012	2011	Change
Net banking income	3,083	3,240	-4.8%
General operating expenses	(2,245)	(2,166)	+3.6%
Operating income before provisions	838	1,074	-22%
Cost of risk	(201)	(157)	+28%
Income before tax	743	1,001	-25.8%
Net income attributable to the company	518	685	-24.4%

Source: consolidated financial statements.



Retail banking, the group's core business, continued to grow in 2012.
The number of customers of the banking network increased by 109,437 or 2.5%.
The network's total commitments increased by 1.5%, with investment loans to corporates and self-employed professionals up by 10% and 8.9% respectively (including finance leases).
Customers' savings ended the year up by 5.5%, with savings accounts up by 16.3%.
Life insurance outstandings increased by 0.4%; multi-mode life insurance outstandings increased by 4.1%.
Assets of FCPI innovation funds and FIP investment funds grew by 15.5%.
Service activities associated with electronic payment systems showed strong growth:

- number of cards in circulation up by 2%, including high value added cards up by 6.3%;
- number of active merchant payment terminals up by 7% to 105,977;
- flow of card payments with merchants and corporates up by 8.4%.

In property insurance, the number of policies grew by 6.8%, of which 6.3% for auto and 5% for home.
The number of mobile telephony contracts reached 303,194, representing an increase of 13.4%.

* Outstandings are cumulative average outstandings.

NETWORK

Points of sale

With 24 new branches opened, CIC maintained its policy of improving and structuring its network. At the end of 2012 it had 2,074 points of sale.

ATMs

The total number of ATMs increased to 3,700, of which 1,224 equipped with deposit modules and 2,476 cash dispensers. CIC recorded a total of 115,635,186 transactions, including 71,060,168 cash withdrawals and 44,575,028 other transactions, 14,925,608 of which were deposits.

cic.fr

Smartphones accounted for 37% of the 172 million connections in 2012, compared with 15% in 2011. The overhaul of the "payments" application and the launch of "e-retirement" opened up new prospects for customers' use of online tools. 2012 also marked the end of an era, with the demise of France's iconic *Minitel*, a pre-Internet online service.

Personal banking customers

New customers

The number of customers increased by 2.2% to 3,778,772. The biggest increases were in the under-17 and over-60 age groups.

Customer deposits

Overall savings book balances grew by 13.3% to €19.5 billion as a result of the continued popularity of regulated tax-free *Livret A* Savings Books (up by 32.4% to €3.9 billion) and the success of the *Livret privilège* promotional drive. Term deposits, where the flagship product is the *Compte évolutif* flexible sliding-scale account, posted an increase of 25.3% to €4.2 billion as of December 31. Housing savings plans rose by 2% to €6.1 billion.

Managed savings

Managed savings suffered from an adverse environment, which explains the appreciable declines in "custody of other securities" (down by 7.8%) and Group UCITS (down by 11.6%).

Lending

New home lending was down by 30.4% at €5.2 billion, while the fall in outstandings was just 1.1%.
In consumer lending and revolving credit, outstandings ended the year at €3.8 billion (down by 3.9%), with new lending at €1.8 billion thanks to the availability of the Standby Credit facility to an increasing number of customers.

Service contracts

The total number of contracts increased by 5% to 1,139,882 thanks to the new offering of the adjustable contract and the success of the web-based option which offers a reduction in monthly subscription fees by opting to receive statements via *cic.fr.*

Remote banking

Thanks to enriched content, and marketing through personal contracts, 72,066 new customers signed up for *Filbanque,* bringing the total number of contracts to 1,314,723, an increase of 5.8%.

Cards

The total number of cards increased further, by 1% to 2,084,229 including 324,233 added value or prestige cards, representing 15.5% of the total. The "deferred plus" service contributed to the success of "trading up" campaigns.

Mobile telephony

With the sale of 35,808 new contracts, bringing the total to 303,194 (an increase of 13.4%), the competitiveness of the range was able to withstand the fierce competition from *Free.*

Self-employed professionals

Dedicated sales force

The 2,314-strong team of specialist relationship managers confirmed its determination to respond appropriately to the needs of the various market segments.

New customers

Targeted prospecting actions led to the accounts of 63,529 self-employed professionals being won (3% more than in 2011).

... Retail banking

Lending

New investment loans totaled €2,600 million, with an 8.9% increase in outstandings, while new finance leases amounted to €631 million and 1,443 long-term rental finance contracts were signed.
Action in support of entrepreneurs led to 1,633 business start-up loans being granted.
The €1,699 million in new home loans granted (with a 7.4% increase in outstandings) represented 24% of the CIC network's overall new lending.

Savings

Outstandings grew by €1.6 billion or 7.8% to €22.1 billion, thanks in particular to the increase in savings accounts, which were up by €1,274 million or 18.1% largely due to term accounts, which rose by €766 million or 18.2%; sight deposits were up by €323 million and life insurance was up by €264 million or 7%.

Customer loyalty

Products and services were actively marketed:

- the total number of remote banking contracts increased by 14,867 or 6.9% to reach 229,564;
- the number of *Contrats Professionnels* (packages of services designed to meet daily transaction needs) increased by 12,339 or 8.4% to 159,598;
- as regards the banking network, electronic payments grew by 8.4% as a result of both the increase in the number of terminals and the volume of transactions carried out, which increased by 9.3%.

Employee savings management

5,617 contracts were signed, bringing the total to 29,291.

Life, health and personal protection insurance

Self-employed professionals accounted for €4,041 million or 14% of total life insurance outstandings.
The subscription of 2,890 health insurance policies and 20,919 personal protection insurance policies brought the total number of policies outstanding to 8,283 (up 26.5%) and 63,589 (up 24.2%) respectively.
A total of 1,765 Madelin plans were sold (pension savings plans providing a retirement annuity).

Partnerships

Further new agreements were signed with branded networks, bringing the total to 115 (102 at the end of 2011).

Agriculture

The division won 3,001 new customers, bringing the total to 29,787, and granted €431 million in loans, bringing total commitments to €1,977 million – an increase of 12.8%.
Savings balances reached €1,136 million, largely due to the increase in savings accounts balances, which grew by 44.2% to €476 million.

Communication

Sales drives included a radio campaign aimed at the liberal professions while CIC took part in several events designed for the self-employed professionals market (trade fairs, etc.).

Corporates

New customers

2012 confirmed the success of the strategy chosen by CIC to meet the ever more demanding needs of companies and their managements. By ensuring the quality of the relationship and day-to-day support, and making the best use of the group's richly varied offering and its ability to incorporate more and more high-tech services, the account executives are in ever closer contact with the decision-making centers.
On acquisitions and buyouts, they work closely with the CIC Banque Privée and CM-CIC Capital Finance teams.
With this positioning, CIC gained 11,929 new SME and LME customers in 2012.

Lending

Solutions offered by CIC comprise medium- and long-term financing, equipment leasing, real estate leasing and private equity.
New medium- and long-term lending amounted to €3,512 million, with outstandings growing by 10% to €11,354 million.
As for leasing finance, new equipment leases amounted to €1,141 million (up by 1.9%) and new real estate leasing to €286 million.
Overall commitments increased by 5.9% to €30,064 million.

Treasury management and financial investment

The revamped offering responded well to customers' performance, safety and transparency requirements. Deposits reached €28,651 million, up by 7.5%, of which €12,898 million in savings accounts (up by 22.8%).

Cash management

The demise of the X25 network and the spread of the new SEPA (Single Euro Payments Area) means of payment affected remote banking services, which were enriched with new functionalities in the fields of security (strict authentication, management of authorized signatories etc.) and cash management.
Crédit Mutuel-CIC confirmed its capacity for innovation by participating in the launch of a new electronic invoice payment solution called *SEPAmail*. With this secure electronic messaging system, a company can send a customer a request for payment associated with an electronic invoice, and the customer can settle it via its bank's online service.
The volume of merchants' electronic payments processed increased by 10.1% to €14,736 million.

International operations

CIC's range of services is based on supporting businesses and financing their transactions. The proximity of its international specialists and account managers, combined with the tailor-made services of CM-CIC Aidexport and the 37 representative offices and foreign branches around the world form a model recognized for its effectiveness.
The group has launched a new financing service called FIDOC, which provides customers' foreign suppliers with improved payment terms or charges.

Employee benefit schemes

While the environment remains uncertain, CIC offers flexible employee savings and retirement solutions which are easy to implement safely so as to optimize compensation strategies (incentives, profit sharing, employee savings plans).
These products also offer tax advantages for both the company and employees.
2,727 employee savings contracts were sold in 2012.

Associations

At the end of 2012 CIC had 72,200 customers, 6% more than at year-end 2011.
The priority targets continue to be so-called management associations such as those in the healthcare sector, social, charitable and humanitarian sectors, training and private education institutions, etc.
Commitments increased by 2.3% to reach €605 million.
Savings balances increased by 7.4% to €5.5 billion, largely due to strong growth in savings books (up by 40.5%).
Associations that are beneficiaries of the *Livret pour les Autres* and *Carte pour les Autres* (respectively savings accounts and bank cards incorporating humanitarian or charitable donations) saw their donations from CIC customers increase by 77%, just two years after the partnerships were set up.

SUPPORT SERVICES

Insurance

In 2012, total revenue amounted to €2,804.8 million. Property and casualty and personal insurance continued to grow steadily, by 11.2% and 4.2% respectively. Following the sharp downturn of 2011, inflows for life insurance fell only slightly (2.3%) in 2012.
Commissions received amounted to €294.5 million, up by 6.2%.

Property and casualty insurance

In auto insurance, thanks to the comprehensive offering and a finely targeted approach to premiums, the portfolio grew by 6.4% to 384,316 policies.
With à la carte cover, special rates for motorists driving less than 6,000 kilometers a year, an offering for motorcycles over 50 c.c., and fleet insurance for self-employed professionals, all customer categories' needs are covered.
In home insurance, specific benefits such as extended cover for electrical and audiovisual appliances helped us to win new subscribers, and the portfolio reached 481,923 policies, an increase of 5.1%.
Support for insured customers was further developed.
The *Constatel* telephone platform, which receives reports and handles claims, also coordinates the provision of home service for auto insurance and work assistance for home insurance.
An insurance policy for pets covers medical and surgical treatment for cats and dogs.

Personal insurance

The personal protection range meets the requirements of private individuals, self-employed professionals and businesses for their employees.
In the field of individual protection, the portfolio reached 642,841 policies, up by 5%.
Despite increased competition linked to the reformed legislation on loan insurance, the number of policies in force showed a slight increase (0.6%) to 1,503,782. The offering was enhanced with extended cover on *Assur Prêt* (real estate loan insurance) and a new product called *Perspective Crédit* designed for customers looking for a cheaper solution.
As a complement to this, *Garantie Revente*, which is designed to cover any financial loss on resale of an asset, was renewed and offered to first-time subscribers to *Assur Prêt*.
Individual health insurance saw strong growth (up by 10.1%).
The *Avance Santé* card avoids holders having to pay medical costs up front. *Intégral'optic* covers the entire cost of eyeglasses without up-front disbursement. These two products contribute to the success of health insurance.
Apart from this, a certified supplementary health cover has been made available to the branches for customers employed by local authorities, who can thus benefit with CIC from the advantages linked to their status.
The *Assur Hospi* offering of hospital cover confirmed its success, with a portfolio of 69,351 policies, up by 15.5%.

... Retail banking

Life insurance

Inflows came to €2,055.7 million (down by 2.3%) of which €372.7 million came from the CIC Banque Privée branches and wealth advisers for *Sérénis Vie* policies. The net flow remained negative, in the amount of €122 million, due to significant redemptions, a trend seen throughout the French market.
Plan Assurance Vie, the multi-mode product that can be tailored to suit individual situations, developed to include a version designed for self-employed professionals and for farmers, consolidated its position as the leading product in the range.
The choice of modes for *Longévité Multi Variance* and *Relais Multi Variance*, which offer wealth management clients asset diversification and personal protection respectively, was expanded.
Net rates of return on policies and funds in euros ranged from 2.70% for the *Plan Retraite Revenus* to 3.30% for the *Plan Assurance Vie Privilège*.

Online insurance services

Filbanque subscribers have access to all their policies through a dedicated space on the website which offers a completely personalized service, in conjunction with the branches. Users can obtain quotes, subscribe online, and even modify certain types of cover.
Applications have also been designed for smartphone users to be able to find useful telephone numbers, advice in the event of an auto or home accident, as well as viewing their health cover and latest reimbursements.

CIC Insurance: key figures for 2012

Revenue (€ millions)	2012	2012/2011
Property and casualty	250.60	+11.19%
Personal	498.45	+4.17%
Life	2,055.73	-2.28%
Number of policies		
TOTAL	**7,089,917**	**+3.28%**
Of which: Property	2,823,377	+4.68%
Personal	3,484,655	+2.81%
Life	781,885	+0.46%

Investment funds

In 2012, CM-CIC Asset Management, AM, the core of the Crédit Mutuel-CIC group's asset management business, ranked fifth among Paris-based asset management companies*, posted 13% growth in assets in the French market, to €57.8 billion. This was due mainly to the inflow of an additional €6.3 billion for low-risk assets. Despite historically low short-term rates in the second quarter, money market UCITS therefore continued their strong growth, with subscriptions from corporates and institutional investors, enabling it to be ranked third in France in terms of collections for the year*.

* Source: Europerformance.

As for equity UCITS, CM-CIC Asset Management performed much in line with the French stock market as a whole. Investors largely deserted this asset class out of risk aversion, missing out on the market rebound. However, the decline was limited, thanks to significant increases in market valuations: assets thus grew to nearly €90 million.
With a view to providing attractive returns with reduced sensitivity to possible rate increases, CM-CIC AM launched *Union Obli High Yield 2015*, which combines high-yield bonds with soft maturities. CM-CIC AM successfully sold target maturity UCITS designed for individuals, among which were *Union Obli 2020*, a fund eligible for life insurance policies, launched in April and with nearly €100 million in assets at year-end, and an emerging markets index fund called Union Indiciel Chine, eligible for PEA equities savings accounts, to take advantage of the returns and dynamics of this geographical region.
Throughout the year, CM-CIC Asset Management worked to support the branch networks in preparing for the future and seizing opportunities to boost their assets under management. Examples of this included:
- formula funds, enabling advantage to be taken of market trends, with *Dynamique Europe December 2018* for example taking in more than expected by the year-end. Two other funds of the same type were repaid in the last quarter, with annualized growth rates of around 8% and 10%;
- regular events focusing on "Fixed Income" and "Equities", at which the attractions of thematic equity funds such as Union Europe Growth, *CM-CIC Or et Mat* and *CM-CIC Mid France* (which changed its name to *Union Mid Cap* in early 2013) and bond funds such as the highly ranked and regular award-winning *Union Obli Moyen Terme* are presented to individual and institutional investors;
- new opportunities for individuals in Germany, via TARGOBANK, with a new sales policy, integrated with the internal structures and methods of this subsidiary, and two funds created under the Crédit Mutuel brand name, with early indications looking promising for 2013. In parallel with this, in association with BECM Frankfurt in the institutional investor segment, seven interest-rate based feeder funds of CM-CIC AM funds were launched toward the end of 2012;
- a joint study with a number of group entities on the organization of the financial business lines, leading to the CM-CIC Investor Services project for cross-training of specialist sales personnel (mainly custodians, depositories, valuers and providers of services to issuers);
- strengthening of the role of accounting service provider, with a total of 950 UCITS valuations, of which 333 for 75 external asset management companies.

Total revenues amounted to €218 million. Rebates to the placing networks totaled €163 million.

Employee savings management

CM-CIC Epargne Salariale, the core of this business line for CIC and Crédit Mutuel, represented at year-end 2012:
- €6,153 million in assets under management (up by 9.2%);
- 62,484 corporate customers (up by 7%);
- 1,402,486 employees' savings under management.

The growth in AUM was largely thanks to increased valuations of equity- and bond-based FCPEs (company mutual funds), inflows for money market FCPEs, and the growth in the customer base achieved over the past few years, as a result of which CM-CIC ES moved up from fifth to fourth place in the ranking of employee savings players as at June 30, 2012*.
Sales activity was down compared with 2011.
New business written suffered from the absence of any significant incoming transfers in the major corporates segment. At 12,600 the number of new contracts sold was down by 15.3%.
The economic, financial and tax environment, particularly with the increase in the *forfait social*, (special social contribution charged on compensation otherwise exempt from social charges, such as bonuses, profit sharing, etc.) also had an effect on withdrawals, which were up by 8.3%, and on contributions, which were down by 7.8%.
This past year saw significant capital expenditure on information technology aimed at enhancing services to companies and savers.
Revenue associated with employee savings for the Crédit Mutuel and CIC networks (placement commissions and subscription fees) continued to grow significantly (by 18.3%).

Financing and management of receivables

CM-CIC Factor is the center for the Crédit Mutuel-CIC group's receivables financing and management business.
It is involved in short-term financing for corporate customers in France and abroad, with a range of factoring and assigned business receivables purchasing solutions.
Its net banking income for 2012 was down by 4% at €105 million, as a result of lower commissions from factoring and the significant impact of lower rates on financial products.
Overall profitability, at €38 million, was down by 24% as a result of IT migration costs and the fall in net banking income.
Net income came to €4.2 million.

Factoring

CM-CIC Factor increased its market share for the fourth year in a row, with:
- an 11.9% increase in the volume of receivables purchased, to €16.3 billion, compared with a 7.6% rise for the industry as a whole;
- year-end outstandings of €2.6 billion (up by 9%);
- export turnover of €1.4 billion (up by 9%);
- more than 3,000 active customers.

The growth in business with the partner banks, which is a central priority, produced €20.3 million in commission revenue.
New business volumes, at close to €4.5 billion, were based essentially on the Orféo product range, which makes specific solutions for financing and managing receivables available to large and large/medium enterprises (LEs and LMEs).
A number of syndicated transactions with other factoring companies were also carried out.
The cost of risk in 2012 was kept well under control at 0.1% of gross outstandings, in spite of the unstable economic situation.

* Source: AFG.

... Retail banking

Receivables purchasing

The year was marked by:
- a 7% increase in activity to €2 billion in inflows for 316,483 invoices processed;
- payment of fees to partner banks in the amount of €11.1 million.

Real estate leasing

In 2012, CM-CIC Lease carried out slightly more real estate finance leasing transactions for customers of Crédit Mutuel-CIC than in 2011. New financing agreements signed amounted to 314 (up by 1.9%) for a total volume of €581 million, which was down by 14% due to lower average transaction amounts. Reflecting its priority concern of improving customer satisfaction with its handling of acquisitions and projects, CM-CIC Lease once more conducted a major training program aimed at enhancing the effectiveness of its teams, which translated into an increased presence as lead lessor in syndicated lease transactions (47.9% of cases, as against 39.4% in 2011).
Total outstandings, including committed transactions (off-balance sheet), grew by 6.2% to more than €3.6 billion, 72% of which consists of commercial and industrial properties and warehouses in similar respective proportions, the remainder comprising properties in a variety of sectors such as offices, hotels, leisure, education and healthcare.
Commissions paid to the various group networks amounted to nearly €15 million, representing an increase of 1.2%.

Equipment leasing

Despite a less dynamic investment financing market than in 2011, CM-CIC Bail continued to grow in 2012, with more than €3.6 billion in new leases written, growth being driven by the branch networks, auto and partnerships segments.
Profitability improved appreciably thanks to the growth in outstandings and considerably lower refinancing rates than in the previous year. The financial margin reached €126 million, an increase of 17.8%. After commission rebates to the various networks, which were up by 10%, and net recoveries on doubtful debts, net income improved strongly.
In the framework of the "service attitude" project, customer satisfaction was further pursued through the roll-out of new processes:
- streamlined process for opening new applications, leading to shorter decision and execution timeframes and productivity gains through electronic handling of documents;
- offers integrated in the consumer loan financing tool;
- improved, simplified financing solutions for agricultural equipment at manufacturers and dealers;
- development of the product range in the European subsidiaries.

Financing activities

In 2012, net banking income from financing came to €282 million and income before tax to €130 million. Efforts continued to focus on the major drive, started in 2011, to boost inflows of bank deposits from major customers.

Financing activities: Key figures (€ millions)	2012	2011	Change
Net banking income	282	417	-32.4%
General operating expenses	(88)	(79)	+11.4%
Operating income before provisions	194	338	-42.6%
Cost of risk	(64)	(34)	+88.2%
Income before tax	130	304	-57.2%
Net income attributable to the company	105	197	-46.7%

Source: consolidated financial statements.

Large corporates and institutional investors

In 2012, in a depressed economic environment that stifled demand for credit, commitments fell further. Overall exposure (excluding counter-guarantees received) fell by €2.4 billion, from €21 billion to €18.5 billion: on-balance sheet outstandings(1) fell by 27.8%, from €5.3 billion to €3.8 billion; off-balance sheet financing (the undrawn portion of committed lines) fell by 5.2%, from €9.3 billion to €8.8 billion; off-balance sheet guarantees (sureties) for their part fell by 7.8% to approximately €6 billion.

At year-end, 45.4% of lines in place were concentrated on about twenty customer groups, with the three biggest accounting for 4.5%, 3.7% and 3.2% respectively of total exposure.

The quality of the portfolio was maintained, with 78.7% of commitments classified as investment grade (79.3% in 2011). Following its approval by the supervisory authorities, the rating tool used for decision-taking greatly contributed to keeping the cost of risk under control. In 2012 there was a net reduction of €0.2 million, as against a net addition of €12 million to loan loss provisions in the previous year.

The syndicated loan market remained lackluster, with CIC taking part in just 18 corporate loan syndications, compared with 37 in 2011, and 61% of these transactions concerned refinancing of existing lines.

Priority continued to be given to developing resources. As at December 31, bank deposits stood at €7.6 billion, of which €6.4 billion in term deposits and €1.3 billion in sight balances. Investments in money market UCITS amounted to €10.4 billion (excluding those not in custody), to which were added €4.3 billion in certificates of deposit.

(1) Including other capital market loans.

... Financing activities

Thanks to the dynamism of the sales team, new customer relationships were established with *Manpower, CCMSA, IDPE* and others. CIC won 15 competitive bidding processes, most of which involving institutional investors. These successes are due to the bank's know-how and its role as a major player in the field of means of payment, which remains an important growth path.
Net banking income for 2012 came to €92.5 million. This includes only part of the income from transactions passed to other operating units of the group (cross selling) for which the division is a significant referrer. A "large accounts business line" is gradually being put in place at overall CM11-CIC level.

Specialized financing

Results were negatively affected by the halt in new USD transactions toward the end of 2011 and in the first quarter of 2012. Activity picked up appreciably in the second half of the year, albeit not enough to offset this effect.
Reflecting the economic situation, the cost of risk increased to 0.48% of average drawn outstandings, as against 0.20% in the previous year. Nearly two thirds of this related to acquisition financing, and the remainder to asset finance. We would point out that project finance still has a negative cost of risk.
Excluding the impact of the additional cost of ALM, net banking income was down by 14.1%, operating income before provisions by 18.6% and operating income by 32.9%.

Financing of acquisitions

The CM-CIC group supports its customers in their plans for business transfers and external growth and development by offering its expertise and know-how in structuring the most appropriate financing for each type of transaction.
The level of business activity was good in the first half, but weakened in the second half of the year. New business was undertaken with particular attention being paid to risk/reward ratios. The group was careful to maintain a balanced positioning across the different types of transactions (corporate acquisitions, transactions with a financial sponsor, family and wealth transfers). The teams were attentive and effective in managing the risks involved in syndication.
As regards the portfolio, the deterioration in the environment was reflected in counterparties' operational performances, notably in the last six months of the year. As a consequence, the cost of risk increased, while still remaining under control.

Asset finance

The year was marked by a fall in activity in all the traditional business lines, mainly due to the problems in the shipping sector and the difficulty of accessing US dollar liquidity in the first half of the year. CIC nonetheless continued to support its customers in their financing needs. Margins for prime counterparties continued to narrow in spite of reduced interbank competition resulting from the withdrawal or significantly reduced activity of historically major (notably European) players in these markets. Tax-based structured financing transactions, particularly with China and Turkey, continued to receive priority attention and contributed significantly to the generation of commissions.
New York and Singapore continued to develop along their established paths, and their contribution represented a significant portion of total new business, which was evenly spread among the overseas offices and Paris.

Project finance

In 2012 the market was affected on the one hand by the scarcity of non-euro resources and the high cost of long-term liquidity, and on the other by a slowdown in demand in certain geographical regions. The gap left by certain European teams retreating to their home markets was quickly filled by other players, and the volume of activity proved satisfactory.
In this context, the project team strengthened its presence with the group's major customers. Deals of the year included: refinancing of *Eiffarie* in France, financing of the *Ichthys* LNG terminal in Australia, *Chenière's* LNG terminal in the United States, construction of a school in public/private partnership in France (Seine-Saint-Denis), a passenger transportation project in the UK, several solar energy projects, and the acquisition of a thermal energy network operator.
The breakdown of new business written in 2012 by sector was as follows: infrastructure 62.6%, electricity 3.8%, natural resources 30.5%, and telecommunications infrastructure 3.1%. For projects approved the breakdown was: infrastructure 46%, electricity 41.6%, natural resources 11% and telecommunications infrastructure 1.4%.
By geographic region, 65.7% of new projects were in Europe, 9.5% in the USA, and 24.8% in Asia-Pacific. In terms of project approvals, 60.2% were in Europe, 13.7% in the Middle East, 12.9% in North America, 11.5% in Asia-Pacific, 0.9% in Africa, and 0.9% in South America.

International

The main focus of CIC's international strategy is to support customers in their international development, with a diversified offering tailored to companies' needs.
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 backing of CM-CIC Aidexport, its specialist international consulting subsidiary, and of its branches and representative offices. They 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 customers 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.
Financing activity in 2012, including documentary transactions and issues of guarantees for both import and export, was characterized by the coming into effect of significant buyer credits on emerging countries and by the constraints imposed by the worldwide slowdown.
Thanks to agreements with partner banks, CIC boasts competitive offerings in the area of international transaction processing, particularly cash management and opening accounts abroad.
CIC also offers its French and foreign customer banks a broad range of products and services.
Managed by a single ISO 9001 certified business unit, processing of international transactions is spread over five regional centers so as to provide services close to home in tandem with the corporate banking branches.
Support for customers abroad is underpinned notably by strategic partnerships with the Bank of East Asia in China, with Banque Marocaine du Commerce Extérieur and Banque de Tunisie in North Africa, and with TARGOBANK and Banco Popular in Spain.

Foreign branches and representative offices around the world

London

The main business lines are the provision of financing to UK subsidiaries of French groups, specialized financing, advisory services to businesses wishing to enter the UK market, and obtaining refinancing for the group.
In a difficult economic and financial context, and despite a further fall in assets, these business lines continued to perform satisfactorily thanks to increased margins and a cost of risk kept well under control. Additionally, the prepayment of certain loans was reflected in a high level of commissions.
The branch's net income* for 2012 was €11.4 million.

New York

Salient points of 2012 were the confirmation of economic recovery, first signs of a turnaround in the real estate market, and the sound financial health of US businesses.
For the financing of acquisitions and corporate finance, the year was characterized by a fall in outstandings and the transfer of part of the portfolio to a CLO (collateralized loan obligation) fund, which was helpful for managing liquidity in US dollars. Revenue from asset finance increased, with a diversified portfolio and loan structures designed to protect against risk. Financing of French corporates held steady.
The results from capital market activities were positive, with good control of real estate securitizations.
The branch's net income* for 2012 was €14.8 million.

Singapore, Hong Kong and Sydney

In an environment that was favorable, despite the slowdown in China and India, the branch continued to pursue its strategy of specialization by business line, giving preference to the most stable countries in the region, and being highly selective as regards risks.
For specialized and corporate financing, the year saw both outstandings and revenues decline, with the cost of risk being contained and a result that remains satisfactory.
Private banking had to contend with market volatility and a fall in commissions, despite the good performance of the portfolios under management.
Capital markets activities, centered on serving institutional and private customers, remained profitable.
Support in Asia for corporate customers of the French network is underpinned by the group's international offerings.
The branch's net income* for 2012 was €4.9 million.

Representative offices

In addition to its foreign branches, CIC also has a network of 34 representative offices around the world, which place their expertise and their knowledge of regional markets at the disposal of the group's customers and specialized business lines, thus contributing to the development of its international business.

* Contribution to CIC's consolidated net income.

Capital markets activities

Net banking income for 2012 from capital markets activities was €555 million, with income before tax of €351 million. Following a year (2011) marked by the sovereign debt crisis, and in an improving environment, the bank supported numerous customers in their bond issues as well as securing its own refinancing.

Capital markets activities: Key figures (€ millions)	2012	2011	Change
Net banking income	555	336	+65.2%
General operating expenses	(178)	(156)	+14.1%
Operating income before provisions	377	180	+109.4%
Cost of risk	26	(54)	-51.9%
Income before tax	351	126	+178.6%
Net income attributable to the company	204	64	+218.8%

Source: consolidated financial statements.

CM-CIC Marchés

CM-CIC Marchés undertakes all capital markets activities of the CM11-CIC group, both for its own refinancing and investment requirements and for its customers. These activities are carried on mainly in France, but also in the New York, London, Frankfurt and Singapore branches.
CM-CIC Marchés serves both as a vehicle for refinancing its own development and a trading room for corporates, local governments, large accounts and institutional investors interested in the innovative products developed by its teams.
Acting also as an in-house service provider, CM-CIC Marchés enables the other group entities to manage their financial risks and transactions more effectively.

Business development

The French sales teams are based in Paris and the main regional cities.
They offer network customers and large corporates solutions for hedging their risks (interest rate risk, currency risk, commodities risk), for refinancing (particularly commercial paper) and classic or structured investments. In this last area, the sales executives are armed with an original and proven offering as a direct result of their expertise in "fixed income/equities/credit" investment.
These activities showed good growth in 2012.

Refinancing

In 2012, the refinancing of the group was carried out in a market environment that was calmer overall, but marked by two distinct phases.
The first part of the year, in line with 2011, passed in a somber climate marked by the continuing serious sovereign debt and banking crisis in Europe, which required a second *LTRO* in February.
Later, progress on the political front, plus the complementary measures (OMT) taken by the ECB in the summer, restored investors' confidence and strengthened their belief in the permanence of the euro zone.
Thanks to its mainly customer-oriented strategy (retail banking and insurance) and solid fundamentals, CM11-CIC was able to retain its good international ratings, ensuring a particularly warm welcome on the part of lenders throughout the year.
The reduction in market borrowings, brought about notably by striving to improve the ratio of loans to deposits, was also reflected in a reduced need for medium- and long-term issues to external investors (€11.2 billion compared with €18.2 billion in 2011).
The drive to diversify resources at these maturities continued:
- submission of US144A documentation for Crédit Mutuel-CIC Home Loan SFH aiming at a year-end first issue in the US market;
- further issues in Japan (Samurai and Uridashi) for a total of ¥37 billion with two, three, and five year maturities;
- issue of a $435 million CLO to refinance part of the New York branch's acquisition financing;
- communication campaigns aimed at international investors in accordance with the original timetable.

In terms of major transactions, we would highlight the two issues carried out by Crédit Mutuel-CIC Home Loan SFH:
- €1.25 billion at 12 years in January, in difficult market conditions and without support from the ECB;
- $1 billion at five years in November, under US Rule 144A and 70% placed with US lenders.

However, the bulk of medium- and long-term refinancing came from resources raised by BFCM.
Overall, short-term resources (net) represent no more than 30% of total market financing raised as at December 31 (37% at year-end 2011). The group has therefore appreciably reduced its dependence on the money market, and could now withstand total shutdown of the market for more than 12 consecutive months, thanks to its holdings of assignable, ECB-eligible liquid assets.
The composition and fine-tuning of this reserve is very closely monitored, and a precise action plan has been established in order to respond in a timely manner to the requirements of the future Basel III liquidity ratios.

Fixed income/equities/credit investment

The teams' objective is to improve the group's profitability by means of investments made within a well-defined framework of limits. Essentially this concerns the purchase and sale of financial securities acquired with the intention of holding them for investment, and transactions involving financial instruments linked to these securities.

In 2012, the financial markets were characterized by:
- pressure on credit spreads, especially sovereigns, at the beginning of the year;
- favorable economic policies at European level in the second half of the year, with confirmed assistance for Spain's banking sector;
- abundant liquidity throughout the year.

In this context, positions were managed cautiously. Results of capital markets activities, in France and in New York, improved compared with 2011.
Alternative investment products offered to customers performed well. Stork, the main alternative investment fund, posted a performance of more than 15%, and overall assets under management showed a slight increase.

... Capital markets activities

Brokerage, custodial activities, and financial transactions

Acting as a broker-dealer, clearing agent and custodian, CM-CIC Securities meets the needs of institutional investors, private asset management companies and corporates.
As a member of ESN LLP, a "multi-local" network of nine brokers operating in eleven European countries (Belgium, Cyprus, Finland, France, Germany, Greece, Italy, the Netherlands, Portugal, Spain, and the United Kingdom), and as majority stockholder of ESN North America (USA and Canada), it is able to trade for its customers on all European and North American equity markets as well as numerous emerging markets.
Covering 750 European companies, ESN has a research team of 110 analysts and strategists as well as 170 salespeople and traders spread throughout Europe.
For its part, CM-CIC Securities has 30 analysts and 31 strategists based in France, 30 salespersons in Paris and Lyon, four in London, and nine in New York (ESN North America). It also has five salespersons for index-linked, equity and agricultural commodities derivatives, the latter relating to the Préviris service for hedging wheat, rape and corn harvests, as well as nine salespersons and traders for traditional and convertible bonds.
Furthermore, the company has a quality research facility for US and Canadian equities and commodities at its disposal thanks to exclusive distribution agreements for Europe signed with Needham & Co, an independent US investment bank based in New York, Valeurs Mobilières Desjardins, a subsidiary of Desjardins Group, Canada's sixth financial group according to The Banker, and Afrifocus Securities, South Africa's second biggest independent broker according to the Financial Mail.

In 2012, CM-CIC Securities held more than 300 company and analyst presentations (road shows) and seminars in France and abroad, among which were:

- "Perspectives 2013", a one-day seminar at which economic and financial experts, corporate executives and the analysts team gave their views on possible investment strategies for different asset classes, with more than 300 customers in attendance;
- the "ESN European Conferences", held twice in London and for the first time in Frankfurt, bringing together an average of 40 companies from ten European countries, chosen by ESN based on their quality, attended by nearly 100 investors;
- "Horizon strategy clubs" and "Horizon ethics clubs", with ten events held in Paris, bringing together an average of 25 senior executives from asset management companies and featuring a leading personality, to tackle topical subjects such as "The financing and intervention principles of the European stability mechanisms", "Sovereign debt: after the failure of the support plans, what solutions?", and "What future for France's energy and nuclear industry? Energy, more than ever in need of political consensus."

As a securities custodian, CM-CIC Securities serves 114 asset management companies and administers 27,715 personal investor accounts and 288 mutual funds, representing €16.4 billion in assets. The investment undertaking welcomed five new asset management companies, an acknowledgment of its teams' know-how, the quality of its SOFI account-keeping software and the financial strength of CM-CIC.
CM-CIC Securities, through its CM-CIC Corporate department, is the group's business line center for financial transactions. It relies on the expertise of CM-CIC Capital Finance's capital structuring and specialized financing teams and benefits from the commercial coverage of "large accounts" and the network, including CIC Banque Privée, BECM, CIC Banque Transatlantique, etc. Partnership agreements with all ESN members have extended its stock market operations and merger and acquisition activities throughout Europe.
In 2012, it took part in 25 bond issues, in 17 of them as book runner (notably benchmark syndicated transactions for *Alstom, Bureau Veritas, Casino, EDF, Foncière des Régions, Gecina, Klepierre, Lafarge, Vinci, Vivendi* and *Wendel*). In parallel with this, the team also contributed to the surge in private bond placement transactions, managing all the phases of three of them (*Cofitem, Foncière des 6e et 7e arrondissement* and *RCI Banque*). It also handled an IPO for *Nanobiotix*, capital increases for *Peugeot, GL Events* and *Netbooster*, and co-managed the *Havas* share buyback. Lastly, it organized the delisting of *Foncière Masséna* and *Adverline*.
The department also provides issuer services (financial communication, liquidity contracts and stock buybacks, financial secretarial and securities services).
Net banking income of CM-CIC Securities for 2012 was €47.2 million.

Private banking

In 2012, the commercial performance of the wealth management activities, in relatively favorable financial market conditions, was satisfactory, and net banking income of the specialized subsidiaries once again grew.

Private banking: Key figures (€ millions)	2012	2011	Change
Net banking income	464	431	+7.7%
General operating expenses	(334)	(316)	+6%
Operating income before provisions	130	115	+13%
Cost of risk	(29)	(43)	-32.6%
Income before tax	106	85	+24.7%
Net income attributable to the company	62	51	+ 21.6%

Source: consolidated financial statements.

CIC Private Banking covers all the private banking business lines of the Crédit Mutuel-CIC group worldwide, and particularly in Europe and Asia.
Internationally, the group has operations, some of them long-established, in countries and areas where private banking offers growth potential: Luxembourg, Switzerland, Belgium, and Asia.
Its brands offer nearly 200,000 customers a wide range of high value added services.
With €112 billion in assets under management, €13 billion in commitments and 1,900 employees, CIC Private Banking's contribution to CIC's 2012 results was nearly €106 million.

FRANCE

Two key players operate here:
- CIC Banque Privée, which is integrated with the CIC network and mainly targets senior executives;
- CIC Banque Transatlantique, whose tailor-made services, aimed largely at French nationals living abroad, include private banking and stock options.

CIC Banque Privée

With more than 350 employees spread among 55 towns and cities in France, CIC Banque Privée assists high net worth individuals and supports senior executives, particularly at key stages in the life of their businesses: broadening their capital base, growth through acquisitions and family transfers.
Working together with financial and wealth engineers, its 183 private banking managers help senior business executives to identify and deal with issues and establish appropriate business and wealth strategies. All the skills of the CM-CIC group, notably in the international field, are mobilized to propose the best solutions.
In 2012, in a more settled financial environment, CIC Banque Privée continued to grow and to increase its fund inflows, drawing on its close customer relationships and selecting the best banking and financial offerings in the market.
The opening of a branch in Cannes and the strengthening of the Paris teams contributed to the expansion of the business line in France.
The *Sélection F* multi-management offering designed by CM-CIC Gestion and provided mainly in conjunction with advisory services on switching life insurance policies, expanded further in 2012.
Managed savings stood at close to €15 billion at year-end, and the contribution of CIC Banque Privée represented nearly 25% of the results of the group's private banking arm for the year.

... Private banking

Banque Transatlantique group*

2012 was a record year in terms of growth in assets under management, which increased by 62% to reach €17.1 billion. This performance was achieved thanks to the dynamism of the sales teams and the clinching of a number of major deals. Consolidated net banking income amounted to €90 million (down by 3%) and net income was €18 million, compared with €20.7 million in 2011.

Banque Transatlantique Paris

Net banking income was €53 million and net income €7.3 million.

Banque Transatlantique Belgium

Net banking income of the Belgian subsidiary was up by 11% at €11.6 million, and net income rose by 13% to reach €4.6 million.
In 2012 the bank migrated to the information system developed for all CM-CIC's foreign private banking units.

Banque Transatlantique Luxembourg

Net banking income of the Luxembourg subsidiary increased by 4% to €7.2 million, and net income was €0.7 million, representing an increase of 15%.
BT Luxembourg also joined the common information system.

* Data on the above entities represents their contribution to the Banque Transatlantique group.

Transatlantique Gestion

The group's asset management company, the result of the merger of Transatlantique Finance, BLC Gestion, and GPK Finance, posted net banking income of €17.7 million (up by 1%) and net income of €5.4 million (up by 7%).

Dubly-Douilhet

Dubly-Douilhet is an investment company specializing in discretionary portfolio management for high net worth customers in northern and eastern France.
In 2012 its products held up well in the crisis, and cash remuneration improved.
Assets in custody amounted to more than €977 million, compared with €873 million in 2011, thanks to good asset management performances, which at the same time generate confidence and inflows of fresh funds.
The company posted net income after tax before non-recurring items of €1.6 million, compared with €1.1 million in 2011, and net income of €2.1 million after non-recurring items.
Its financial situation is sound, with more than €10 million in equity.
Dubly Douilhet will join the Crédit Mutuel-CIC group's IT platform in 2013 and will then become an AMF-authorized asset management company, delegating account keeping and custody to CIC Banque Transatlantique and the UCITS depository function to BFCM.

CIC PRIVATE BANKING NETWORK

Banque CIC (Suisse)

Thanks to its long-established track record, its membership of the group, and the implementation of strategies in line with group requirements, Banque CIC (Suisse) posted good growth. As both a private and a commercial bank, always able to provide personalized service, and with an extensive offering (rounded out in 2012 by a leasing capability), it saw the number of customers increase by 7.8%.
With equity strengthened by CHF70 million to support its growth, total assets increased by approximately 6%.
Net interest income continued to play the key role in its profitability, but commission revenue recovered, notably thanks to the favorable trend in documentary credits.
Net income under Swiss accounting standards came to CHF3.6 million, up by nearly 20% on the previous year.

Banque de Luxembourg

In a spirit of continuity, and despite the difficult economic context, Banque de Luxembourg continued to develop its private banking and asset management activities and services for asset management and fund professionals. Its net banking income amounted to €240 million, and its net income came to €62.9 million, 9.7% more than in the previous year.
With its 750 employees, the bank continued to strengthen its positioning in Luxembourg, as well as in the neighboring countries, notably through its two offices in Belgium. At the end of 2012 it announced the acquisition of the private banking business of Lloyds TSB's Luxembourg branch.
Out of concern that its customers should comply with the constantly changing regulatory and tax framework, it offers management and advice solutions enabling them to manage their assets in strict compliance with current European rules and directives. The bank, which offers services adapted to the needs of family businesses with interests in several different jurisdictions, proved its ability to support several generations of such families.
Guided by principles of continuity and prudence, its teams of analysts and fund managers once again won numerous awards. The responsible approach aiming at regular performances over the long term was the main reason for the growth in assets under management.
In the field of services to professionals, in an environment of strong pressure on pricing and constant regulatory changes, Banque de Luxembourg was able to satisfy its customers and confirm its role as partner, while at the same time continually enriching its range of services to investment funds, independent managers, and life insurance companies.

CIC Private Banking-Banque Pasche

Building on its long experience in the field of private banking, and relying on its qualified, versatile and motivated employees, the bank successfully serves customers on all five continents.
In 2012 its business model showed its worth in tough conditions combining demanding requirements and a political and regulatory environment in constant flux.
Firmly established in all countries where it operates, constantly attentive to its customers' needs, and capable, thanks to its open architecture, of responding optimally to highly diverse requests in a world full of uncertainty, it has gradually become an indispensable partner for all its customers.

CIC Singapore Branch and CICIS Hong Kong

Since 2002, CIC has carried on its private banking business in Asia from Hong Kong and Singapore, both financial centers that have become leaders in this field.
In 2012, the first eight months saw a good level of activity, with investors regaining interest, notably in the bond markets. However, the return of liquidity and falling spreads caused a freeze in business toward year-end.
Overall, assets under management increased by 17% and CIC continued to strengthen the quality and number of advisers.

Private equity

CM-CIC Capital Finance is Crédit Mutuel-CIC's nationwide vehicle for all corporate capital structuring business lines. With €2.7 billion in assets under management and nearly 600 companies in its portfolio, the company is positioned as the leading French bank-owned operator.

Private equity: Key figures (€ millions)	2012	2011	Change
Net banking income	100	93	+7.5%
General operating expenses	(34)	(34)	0%
Operating income before provisions	66	59	+11.9%
Cost of risk			
Income before tax	66	59	+11.9%
Net income attributable to the company	67	57	+17.5%

Source: consolidated financial statements.

Together with its subsidiaries (CM-CIC Investissement, CM-CIC Capital Innovation, CM-CIC Capital Privé, CM-CIC LBO Partners, and CM-CIC Conseil), it has some 110 employees spread among the Paris headquarters and five regional offices (Lyon, Nantes, Bordeaux, Lille, and Strasbourg).

With a comprehensive offering including venture capital, private equity, buyout capital, and advice on mergers and acquisitions, CM-CIC Capital Finance takes equity stakes ranging from €1 million to €100 million to support group customers in their development in France and internationally. 2012 was the first full year of operation following the reorganization and merger of 2011. In a difficult economic situation, particularly from the summer on, and a context hardly conducive to value creation in businesses, it held up well in terms of activity, portfolio performance and profitability. Nearly €200 million was invested in 118 companies (nearly two thirds in private equity), of which a significant part was in support of portfolio companies. The main equity stakes taken were in *Primus, Paprec, Routin, Ealis, Compagnie Biodiversité* and *Géoconcept*, and the main reinvestments were in *Piscines Waterair, NSE Industries, Heligoland, Descours & Cabaud* and *Norac*.
Two specific projects were carried out - a €25 million commitment was made to Alsace Croissance (a €50 million fund created in partnership with the Alsace Region), and, internationally, December saw the finalization in Canada of a partnership with the *Desjardins Group*, giving rise to the launch in early 2013 of the *Emerillon Capital* funds in an amount of C$50 million, of which C$30 million was contributed by CM-CIC Capital Finance.

Proprietary portfolio turnover was once again high, with €271 million in disposals, of which €100 million in capital gains (including reversals of provisions for capital losses), demonstrating the quality and resilience of the lines invested. Liquidity was indeed actively sought for managed assets, and the main divestments concerned *Club Sagem, Biomerieux, Hefi/Herault, Afflelou, Shearer's, Hasap* and *Vulcain*. CM-CIC Capital Innovation sold its holding in *IntuiSkin/Icosmeceuticals* and successfully staged an IPO for *Nanobiotix*.
As at December 31, 2012 this portfolio represented a total of €1.8 billion (including €69 million in innovation capital) for close to 500 holdings. It is diversified in terms of sectors, with private equity playing a dominant role. Managed assets (including cash) generated dividends, coupons and financial income of €43.7 million.
Despite the large volume of disposals and a rather adverse economic and financial environment, CM-CIC Capital Finance was able to reconstitute its stock of unrealized capital gains on portfolios, which had a positive impact on its IFRS result.
In management for third parties, CM-CIC Capital Privé carried out a new round of fund subscriptions (one FIP investment fund and one FCPI innovation fund) for €35 million, and invested €28 million. Funds under management reached €369 million, after repayment of €43 million to subscribers.
CM-CIC LBO Partners, which manages two midcap buyout funds, finalized two major disposals for €65 million: *Emeraude* and *Armatis*. The CIC LBO Fund II made three investments for €34.8 million.
The advisory business led to seven transactions, in difficult circumstances for the naturally volatile mergers and acquisitions market.
CM-CIC Capital Finance and its subsidiaries contributed €67 million to CIC's results, 18% more than in the previous year.

Regional and international directory

Regional banks

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Deputy chief operating officers:
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History of CIC

CIC is the oldest retail bank in France. It developed internationally and in France before adding its insurance business lines to its banking activities.

CIC, France's oldest retail bank

1859. Société Générale de Crédit Industriel et Commercial was created on May 7 by imperial decree of Napoleon III.
1864. CIC took significant stakes in new banks such as Société Lyonnaise.
1895. Opening of the first foreign branch, in London.
1896. CIC took part in setting up several banks around the world: Banca Nationala a Romaniei, Banco de Madrid, Banque de Nouvelle Calédonie, Banque de la Réunion and Banque de Madagascar.
1917. The stock of the regional subsidiaries was shown in CIC's balance sheet.

Policy of taking stakes in regional banks

1918-1927. CIC took stakes in the equity of regional banks: Banque Dupont, Banque Scalbert, Crédit Havrais, Crédit de l'Ouest.
1927. Birth of the Groupe des Banques Affiliées ("Group of Affiliated Banks").
1929. Creation of Union des Banques Régionales pour le Crédit Industriel (UBR) which brought together 18 regional and local banks. In the same year CIC founded Société de Secours Mutuels.
1948-1970. Regional banks in expansion phase.
1968. The Suez-Union des Mines group took control of CIC.
1971-1982. The majority of CIC's capital (72%) was held by Compagnie Financière de Suez. During this period the bank opened offices abroad.

From nationalization to privatization

1982. CIC was nationalized, along with the nine regional banks under the Groupe des Banques Affiliées.
1983. The CIC group was restructured: 51% of the regional banks' capital was now held by the parent company.
1984. Restructuring continued with the creation of CIC Union Européenne, International et Cie, and Compagnie Financière de CIC.
1985. Insurance company GAN took a 34% stake in the capital of Compagnie Financière.
1987. 100% of the capital of the regional banks was now held by Compagnie Financière.
1989. GAN's stockholding increased from 34% to 51%.
1990. Merger of Compagnie Financière de CIC and Banque de l'Union Européenne to form Union Européenne de CIC, bank and holding company for the CIC group, holding 100% of the capital of the regional banks.
1991. GAN held 81.92% of the capital of Union Européenne de CIC.
1992. Launch of CIC Banques, the group's new visual identity.
1993. GAN's holding in Union Européenne de CIC increased to 92.64%.
1996. The French government *(Juppé administration)* decided to privatize the CIC group in an over-the-counter procedure which was suspended in December of that same year.
1997. The French government (*Jospin administration)* resumed the privatization process on the same basis.

Crédit Mutuel acquires CIC

1998. The government announced that Banque Fédérative du Crédit Mutuel (the holding company for Fédération du Crédit Mutuel Centre Est Europe) was now the majority stockholder of Union Européenne de CIC, with 67% of the capital. GAN retained 23% and more than 7% was reserved for employees. The capital was increased from FRF2,864,359,400 to FRF3,500,883,600 (€436,668,775 to €533,706,264). Michel Lucas, CEO of Fédération du Crédit Mutuel Centre Est Europe, became president of the executive board of CIC, and Étienne Pflimlin, chairman of CMCEE, became chairman of the supervisory board.
1999. The merger of Union Européenne de CIC (the holding company for the group) with CIC Paris (the regional bank for Greater Paris) gave rise to Crédit Industriel et Commercial (CIC), a new structure and name, which was both the group's leading bank and a regional bank. Also, BFCM sold 1% of the capital to Caisse Centrale du Crédit Mutuel.
2000-2004. Development of the international base, with a stake taken in Banque Marocaine du Commerce Extérieur, a further stake in Banque de Tunisie and partnership agreements entered into with Banca Popolare di Milano, Italy and Bank of East Asia.
2000. New organizational structure launched: implementation of a single IT system and a common platform, creation of new points of sale and common Crédit Mutuel-CIC business centers.
2001. Share capital of CIC now €560,141,376. Another change in the ownership structure as Crédit Mutuel buys GAN's stake.
2004. A year of major changes: implementation of a single common IT tool for Crédit Mutuel and CIC, a new brand image for CIC in the Greater Paris region, filling out of the network.
A new regional organization split into six axes:

- Greater Paris region with lead bank CIC;
- Northwest with CIC Banque Scalbert Dupont and CIC Banque CIN;
- East with CIC Banque CIAL and CIC Banque SNVB;
- Southeast with CIC Lyonnaise de Banque;
- Southwest with CIC Société Bordelaise;
- West with CIC Banque CIO and CIC Banque BRO.

2006. Mergers:

- CIC Banque Scalbert Dupont, CIC Banque CIN, and CIC Crédit Fécampois merged to form a new entity: CIC Banque BSD-CIN;
- CIC Banque CIO and CIC Banque BRO merged to form a new entity: CIC Banque CIO-BRO.

2007. Merger:
- CIC Banque SNVB and CIC Banque CIAL merged to form a new entity: Banque CIC Est.

2008: CIC Lyonnaise de Banque absorbed CIC Bonnasse Lyonnaise de Banque.

2010:
- Banque BSD-CIN changed its name to Banque CIC Nord Ouest.
- Banque CIO-BRO changed its name to Banque CIC Ouest.
- Banque Société Bordelaise changed its name to Banque CIC Sud Ouest.

2011. On May 19, the combined annual general meeting of stockholders changed the governance structure from that of a société anonyme (French limited liability company) with an executive board and a supervisory board to that of a "classic" (single board) société anonyme.
The board of directors, meeting immediately after the AGM, decided that general management should be assumed by Michel Lucas, chairman of the board of directors and chief executive officer, and Alain Fradin, chief operating officer.

Capital

Amount and composition of the capital

At December 31 2012, the capital of CIC amounted to €608,439,888 and was composed of 38,027,493 stock units, each of €16 nominal, fully issued and paid up.
As authorized by the combined general meeting of stockholders of May 26, 1999, the executive board converted the bank's capital to euros through its decision of June 19, 2001. At that time, in accordance with the authorization granted, the par value of each stock unit was changed to €16 from FRF100, resulting in a capital increase of €26,435,111.72.
During 2003, Banque Fédérative du Crédit Mutuel (BFCM) transferred to CIC 705,000 stock units in Fédébail, representing 94% of that company's capital. Consideration for this transfer – which was approved by the extraordinary general meeting of stockholders of May 15, 2003 – took the form of the issue and allocation to BFCM of 199,330 new CIC stock units with a par value of €16. As a result of this transaction, CIC's capital increased from €560,141,376 to €563,330,656.
Within the context of the restructuring of the group's capital markets activities, CIC Banque CIAL transferred its capital markets activities to CIC. This transfer was approved by the extraordinary general meeting of stockholders of September 7, 2006 and 229,730 stock units in CIC were issued by means of a capital increase and allocated to CIC Banque CIAL in consideration for the transfer. In accordance with the approval granted under Article 115 of the French Tax Code, these stock units were granted free of charge to CIC by CIC Banque CIAL at the end of the year. As a result, CIC then held 229,730 of its own stock units.
During 2007, CIC absorbed Crédit Fécampois (10^{th} and 11^{th} resolutions of the combined general meeting of stockholders of May 31, 2007), its stockholders other than CIC receiving consideration in the form of stock units in CIC issued by means of a capital increase, CIC waiving the right to receive its own stock units. 5,850 new stock units were issued, corresponding to a capital increase of €93,600.
Pursuant to the fourth resolution of the combined general meeting of stockholders of May 31, 2007, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €6,526,912 by the issue of 407,932 new stock units.
Pursuant to the fifth resolution of the combined general meeting of stockholders of May 22, 2008, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €12,758,128 by the issue of 797,383 new stock units.
Pursuant to the fourth resolution of the combined general meeting of stockholders of May 12, 2009, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €4,291,360 by the issue of 268,210 new stock units.
Pursuant to the fourth resolution of the combined general meeting of stockholders of May 20, 2010, offering the option of receiving payment of the dividend in the form of stock units, the capital was increased by €17,763,552 by the issue of 1,110,222 new stock units.

Securities not carrying the right to a stake in equity

None.

Changes in control and changes in capital

The bylaws do not contain any provision that would have the effect of delaying, deferring or preventing a change in control, or that would impose stricter conditions on changes in capital than those provided for by law.

... Capital

Changes in capital over the last five fiscal years

	2008		2009		2010	
	Number of stock units	Amount in €	Number of stock units	Amount in €	Number of stock units	Amount in €
At January 1	35,851,678	573,626,848	36,649,06	586,334,976	36,917,271	590,676,336
Capital increase in cash	797,383	128,373,663	268,210	27,893,840	1,110,222	17,763,552
Of which additional paid in capital		(115,620,535)		(23,602,480)		
TOTAL CAPITAL AT DECEMBER 31	**36,649,061**	**586,384,976**	**36,917,271**	**590,676,336**	**38,027,493**	**608,439,888**

Ownership structure at the close of the last three fiscal years, in stock units and voting rights

	At December 31, 2010				At December 31, 2011			
	Number of stock units	%	Voting rights	%	Number of stock units	%	Voting rights	%
Banque Fédérative du Crédit Mutuel	27,560,922	72.48	27,560,922	72.94	27,570,357	72.50	27,570,357	72.98
Ventadour Investissement	7,407,901	19.48	7,407,901	19.61	7,407,901	19.48	7,407,901	19.61
Caisse Centrale du Crédit Mutuel	384,436	1.01	384,436	1.02	384,436	1.01	384,436	1.02
Banca Popolare di Milano	352,082	0.93	352,082	0.93	352,082	0.93	352,082	0.93
Crédit Mutuel Nord Europe	375,289	0.99	375,289	0.99	375,289	0.99	375,289	0.99
Crédit Mutuel Arkéa	263,585	0.69	263,585	0.70	263,585	0.69	263,585	0.70
Crédit Mutuel Maine-Anjou, Basse-Normandie	256,186	0.67	256,186	0.68	256,186	0.67	256,186	0.68
Crédit Mutuel Océan	266,292	0.70	266,292	0.70	266,292	0.70	266,292	0.70
Crédit Mutuel du Centre	219,458	0.58	219,458	0.58	219,458	0.58	219,458	0.58
Crédit Mutuel Loire-Atlantique et Centre-Ouest	135,329	0.36	135,329	0.36	135,329	0.36	135,329	0.36
FCPE ACTICIC (employees and former employees)	101,499	0.27	101,499	0.27	87,531	0.23	87,531	0.23
Crédit Mutuel Normandie	26,626	0.07	26,626	0.07	26,626	0.07	26,626	0.07
Public, other stockholders	435,664	1.15	435,664	1.15	434,184	1.14	434,184	1.15
Treasury stock (own stock held and stock units held in connection with the liquidity agreement)	242,224	0.64	-	-	248,237	0.65	-	-
TOTAL	**38,027,493**	**100**	**37,785,269**	**100**	**38,027,493**	**100**	**37,779,256**	**100**

Pursuant to the agreements entered into on September 11, 2001 between CIC, BFCM, GAN, and Groupama, GAN's 23% stake in CIC was acquired by Ventadour Investissement, a wholly-owned BFCM subsidiary.
In accordance with its contractual commitments, each year BFCM acquires the stock units sold by current and former employees of CIC who took part in the 1998 privatization. These sales mainly concerned 463,394 stock units in CIC sold in July 2003 on expiry of the five-year holding period.
On February 8, 2006, pursuant to the strategic partnership agreement entered into with CIC, Banca Popolare di Milano acquired 352,082 CIC stock units from Ventadour Investissement.
The 233,766 stock units held by CIC at December 31, 2012 (of which 229,741 own stock units held and 4,025 held in connection with the liquidity agreement) are stripped of voting rights but do not have a material impact on the ownership structure or the allocation of voting rights between stockholders as set out opposite.
As at December 31 2012, the FCPE (company mutual fund) ACTICIC held 66,573 CIC stock units, representing 0.18% of the capital. Adding to this the registered stock units held directly by employees and former employees, their holding in the capital of CIC came to 0.33%.

Names of natural or legal persons able to exert control over CIC, either individually, jointly or in concert

At December 31, 2012 BFCM, which is 92.9% owned by Caisse Fédérale de Crédit Mutuel (CFCM), held 92.6% of the capital

2011		2012	
Number of stock units	Amount in €	Nomber of stock units	Amount in €
38,027,493	608,439,888	38,027,493	608,439,888
38,027,493	**608,439,888**	**38,027,493**	**608,439,888**

At December 31, 2012			
Number of stock units	%	Voting rights	%
27,591,315	72.56	27,591,315	73.01
7,407,901	19.48	7,407,901	19.60
384,436	1.01	384,436	1.02
352,082	0.93	352,082	0.93
375,289	0.99	375,289	0.99
263,585	0.69	263,585	0.70
256,186	0.67	256,186	0.68
266,292	0.70	266,292	0.70
219,458	0.58	219,458	0.58
135,329	0.36	135,329	0.36
66,573	0.18	66,573	0.18
26,626	0.07	26,626	0.07
448,655	1.18	448,655	1.19
233,766	0.61	-	-
38,027,493	**100**	**37,793,727**	**100**

of CIC, both directly (73%) and through its wholly-owned subsidiary Ventadour Investissement. It therefore exerts control over CIC.

BFCM's business covers the following main areas:

- as the holding company for the CM11-CIC group it holds the investments in banking and finance, insurance, real estate, and technology;
- financial management, treasury and refinancing services for the group;
- lending, financial structuring, cash management and trading room for a customer base of major corporates and institutional investors.

BFCM is a subsidiary of the CM11-CIC group, which comprises Caisse de Crédit Mutuel Centre Est Europe, Caisse de Crédit Mutuel Sud-Est, Caisse de Crédit Mutuel Ile-de-France, Caisse de Crédit Mutuel Savoie-Mont Blanc, Caisse de Crédit Mutuel Midi-Atlantique, Caisse de Crédit Mutuel Loire-Atlantique et Centre-Ouest, Caisse de Crédit Mutuel Centre, Caisse de Crédit Mutuel Normandie, Caisse de Crédit Mutuel Dauphiné-Vivarais, Caisse de Crédit Mutuel Méditerranée and Caisse de Crédit Mutuel d'Anjou, Caisse Fédérale de Crédit Mutuel (the joint federation), and its other main subsidiaries: ACM, BECM, the IT subsidiaries, CIC, TARGOBANK (Germany and Spain), Cofidis, and CIC Iberbanco.

As of December 31, 2012, with total consolidated assets of €499.2 billion, CM11-CIC had €506.9 billion in savings in custody or under management, of which €213.6 billion in deposits, €228.6 billion in bank savings products, and €64.6 billion in insurance products. Total lending stood at €269.4 billion.

Its equity and perpetual subordinated notes amounted to €31.2 billion and its Core Tier 1 solvency ratio to 14.1%.

As far as measures to prevent abusive control are concerned, we would point out that all transactions between BFCM and CIC are conducted at market prices, and the only regulated agreements between BFCM and CIC concern the optimization of the group's refinancing.

In addition to the chairman of the board of directors of CIC, who is also the chairman of the board of directors of BFCM, BFCM has a seat on the board of directors of CIC, which consists of nine directors appointed by the general meeting of stockholders and two directors elected by employees.

Market for the company's stock

Stock

CIC stock has been listed on the Paris stock exchange since June 18, 1998.
CIC's bylaws do not contain any clauses restricting the sale of these stock units. However, Article 9 para. 6 of the bylaws requires stockholders to declare any interest of 0.5% or more of the capital.
The combined annual general meeting of stockholders of May 24, 2012, in its ninth resolution, renewed until October 31, 2013 the authorization given to an investment services provider to trade on the stock market in the context of a liquidity agreement.
Within the framework of this agreement, in 2012 CIC:
- acquired 40,878 stock units at an average unit price of €96.75;
- sold 55,349 stock units at an average unit price of €98.09;
- and held 4,025 CIC stock units at a stock market price of €104.95 as at December 31, 2012, i.e. 0.011% of the capital.

These stock units are held solely in the context of the liquidity agreement, and will not be cancelled. The amount of negotiation fees corresponds to the investment services provider's invoice.
The ordinary general meeting of stockholders called for May 23, 2013 will be asked to renew this authorization.
There are no particular rights, privileges or restrictions attached to the stock units issued by the company.

Market data – CIC stock units

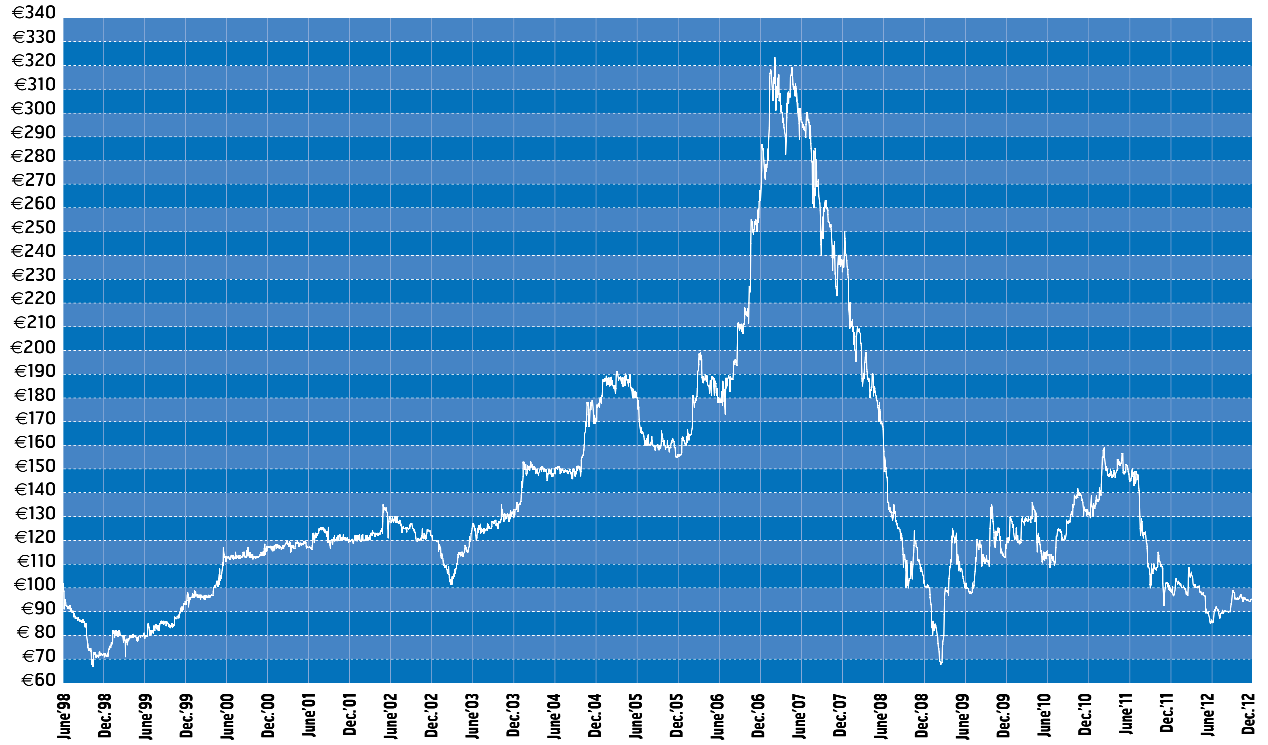
	Number of stock units traded	Monthly volumes € millions	Highest & lowest prices Low (€)	High (€)
January 2011	13,645	1.842	130.00	139.00
February 2011	19,982	2.967	135.51	160.00
March 2011	12,193	1.836	144.50	159.00
April 2011	17,221	2.544	146.00	154.00
May 2011	22,533	3.466	147.00	156.50
June 2011	9,153	1.361	144.50	153.50
July 2011	11,669	1.717	142.00	150.00
August 2011	9,760	1.281	120.00	147.43
September 2011	9,305	1.014	100.00	123.50
October 2011	5,984	0.666	105.00	115.80
November 2011	6,920	0.710	88.00	113.61
December 2011	7,652	0.765	97.00	104.80
January 2012	14,771	1.500	96.50	104.90
February 2012	26,290	2.653	99.00	103.99
March 2012	44,547	4.542	92.60	109.00
April 2012	10,582	1.074	99.45	105.95
May 2012	10,187	0.972	89.00	100.00
June 2012	5,401	0.469	81.50	90.90
July 2012	5,343	0.481	86.50	92.00
August 2012	11,202	1.007	88.00	91.50
September 2012	30,867	2.904	89.60	99.50
October 2012	14,182	1.351	94.00	98.00
November 2012	9,728	0.922	94.00	96.00
December 2012	18,388	1.864	94.15	108.70
January 2013	22,606	2.463	105.00	113.00
February 2013	16,738	1.823	107.30	113.90
March 2013	24,912	2.863	109.00	118.40

Stock performance

After starting at €99.80 on January 2, the stock reached its highest closing rate of €108.60 on March 16 and 19.
It then started on a downward trend, reaching a low of €84.79 on June 15 before starting to rise again.

It ended the year at €104.95, representing a gain of 4.4% for the year.
The average price for the year was €96.029.
In 2012, 201,488 stock units were traded on the Paris stock exchange, for an amount of €19.7 million.

CIC STOCK PRICE 1998-2012



Dividends and dividend policy

Outstanding stocks and securities

	2008	2009	2010	2011	2012
Number of stock units	36,649,061	36,917,271	38,027,493	38,027,493	38,027,493
Net dividend on stock units (in €)	1	4.35	8.80	6.50	7.50
TOTAL DIVIDEND PAYOUT (IN € MILLIONS)	**37**	**161**	**335**	**247**	**285**
Consolidated net income attributable to equity holders of the parent company (in € millions)	170	801	1 115	555	698
Payout ratio	22%	20%	30%	45%	41%

The capital stock is divided into 38,027,493 stock units, including 233,766 treasury stock units. The dividend allocated to treasury stock is recognized directly under "retained earnings".

... Stock performance

Non-voting loan stock

The non-voting loan stock issued in 1985 by Compagnie Financière de Crédit Industriel et Commercial, which has since become Crédit Industriel et Commercial, entitles holders to an annual coupon made up of fixed and variable components. This coupon, payable on May 28 of each year, cannot be less than 85% or more than 130% of the average (TAM + TMO /2), where TAM is the annual monetary reference rate and TMO is the fixed-rate bond index.

- The fixed-rate bond index (TMO) is the arithmetic mean of the monthly average yields on the settlement dates for subscriptions of government-guaranteed bonds and equivalents. It is established by France's National Institute of Statistics and Economic Studies (INSEE) for the period from April 1 to March 31 prior to each maturity date.
- The annual monetary reference rate (TAM) is the compound yield that would be earned on a monthly investment reinvested at the end of each month at the average monthly money market rate during the twelve months up to but not including March.

Since January 1, 1999, this rate has been calculated by compounding the EONIA (Euro Overnight Index Average) instead of the average monthly money market rate.
The fixed component of the coupon is 40% of the annual monetary reference rate (TAM), as defined above. The variable component is 43% of this same annual monetary reference rate (TAM), multiplied by the "participation ratio" (PR).
The participation ratio used to calculate the variable component of the coupon due in May 2013 – PR 2013 – is equal to:

$$\text{PR 2012} \times \frac{\text{2012 income as defined in the issue contract}}{\text{2011 income as defined in the issue contract}}$$

The contract stipulates that consolidated income be adjusted for changes in equity, changes in the CIC consolidation scope and changes in consolidation methods.
CIC's adjusted net income for 2012, as determined by applying identical accounting procedures and consolidation methods at constant scope, amounted to €697,647 thousand as against €557,351 thousand for 2011.
The PR 2013 is therefore equal to:

$$\text{PR 2012} \times \frac{\text{€697,647 thousand}}{\text{€557,351 thousand}}$$

i.e. 9,139 x 1.25172 = 11.439.

Coupon

The coupon rate calculated from the income shown above, including both the fixed and variable components, came to 0.839%, which is below the floor provided for in the issue contract.
Consequently, under the terms of the issue contract, the coupon rate paid to holders of non-voting loan stock in May 2012 will be 85% of (TAM +TMO)/2.
The coupon rate will be 1.157% on the basis of a TAM of 0.1578% and an average TMO of 2.5642%. This means that the gross coupon due in May 2012 will amount to €1.76 for each stock unit with a face value of €152.45.

Coupon payments since 2009 (year paid)

	PR	TAM%	TMO%	Coupon rate %	Gross coupon
2009	2.96	3.2947	4.3842	4.992	€7.61
2010	13.233	0.4610	3.8542	2.805	€4.28
2011	18.355	0.5187	3.3967	2.545	€3.88
2012	9.139	0.8126	3.4408	2.765	€4.21
2013	11.439	0.1578	2.5642	1.157	€1.76

Non-voting loan stock price movements since 2008

	High €	Low €	Close €
2008	182.00	150.00	156.00
2009	160.00	145.00	148.00
2010	154.00	137.00	141.75
2011	147.00	138.00	140.00
2012	150.00	139.50	145.10

On October 18, 1999, CIC non-voting loan stock with a face value of FRF1,000 was converted into stock with a face value of €152.45.

Statutory Auditors' report on interest payable on non-voting loan stock

Year ended December 31, 2012

To the holders of CIC non-voting loan stock,

In our capacity as Statutory Auditors of CIC, and pursuant to Article L.228-37 of the French Commercial Code, we present below our report on the data used to determine interest payable on non-voting loan stock.

On April 19, 2013, we prepared our reports on the company's financial statements and on the consolidated financial statements for the year ended December 31, 2012.

The data used to calculate the interest payable on non-voting loan stock were determined by the company's senior executives. It is our responsibility to comment on their conformity with the issue agreement and their consistency with CIC's annual financial statements.

The interest computation method provided for at the time of issue of non-voting loan stock in May 1985 can be summarized as follows:

- a component equal to 40% of the annual monetary reference rate or "TAM", and
- a component equal to 43% of the TAM multiplied by a participation ratio (PR) which, for the interest due on May 28, 2013, is as follows:

$$\text{PR 2012} = \text{PR 2011} \times \frac{\text{2012 adjusted consolidated net income}}{\text{2011 adjusted consolidated net income}}$$

The issue agreement sets a cap and a floor on interest payments, as follows:

- floor: 85% x (TAM + fixed-rate bond index or "TMO")/2;
- cap: 130% x (TAM + TMO)/2.

The agreement further stipulates that the participation ratio (PR) corresponding to the ratio between the 2012 and the 2011 consolidated net income will be adjusted to take into account changes in equity, group structure or consolidation methods between the two years.

Since 2005, CIC has published its financial statements under IFRS. In accordance with the resolution submitted for your approval, the calculation of interest is based on net income attributable to equity holders of the parent company for 2011 and 2012, as determined by applying the same accounting procedures and consolidation methods based on a comparable group structure and comparable equity, giving a participation ratio (PR) of 11.439 for 2012 as against 9.139 for 2011.

The interest rate obtained by applying the above formula comes to 0.84% before application of the floor and cap rates, which are 1.16% and 1.77% respectively.

Therefore, in accordance with the provisions of the issue agreement, the gross interest paid in 2013 in respect of 2012 will amount to €1.76 per stock unit.

We performed our work in accordance with French professional standards. These standards require that we carry out the necessary procedures to verify the conformity and consistency of the data used to calculate the interest due on non-voting loan stock with the issue agreement and the audited annual and consolidated financial statements.

We have no matters to report concerning the conformity and consistency of the data used to calculate the interest due on non-voting loan stock.

Neuilly-sur-Seine and Paris La Défense, April 19, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr	Olivier Durand

CORPORATE GOVERNANCE

Board of directors

Members appointed by the general meeting of stockholders:

Michel Lucas
Chairman and chief executive officer
Chairman of Confédération Nationale du Crédit Mutuel, Crédit Mutuel Centre Est Europe and Banque Fédérative du Crédit Mutuel

Catherine Allonas Barthe
Chief executive officer, ACM Vie SAM

Joseph Arenas
Head of institutional and regulatory activities, Crédit Mutuel Centre Est Europe

Banque Fédérative du Crédit Mutuel
represented by **Jacques Humbert** – vice-chairman

Caisse Centrale du Crédit Mutuel
represented by **Jean-Luc Menet** – director

Maurice Corgini
Director of Crédit Mutuel Centre Est Europe

Jean-Louis Girodot
Chairman of Crédit Mutuel Ile-de-France

Daniel Leroyer
Chairman of Crédit Mutuel Maine-Anjou, Basse-Normandie

Philippe Vasseur
Chairman of Crédit Mutuel Nord Europe

Members elected by employees:

Cédric Jolly
Individual customer adviser at CIC Nord Ouest

William Paillet
Private banking account executive at CIC Est

Non-voting members:

Luc Chambaud
CEO of Crédit Mutuel Normandie

Gérard Cormorèche
Chairman of Crédit Mutuel du Sud-Est

François Duret
Chairman of Crédit Mutuel du Centre

Pierre Filliger
Chairman of Crédit Mutuel Méditerranéen

Albert Peccoux
Chairman of Crédit Mutuel Savoie-Mont Blanc

the following also attend board meetings:

Alain Fradin
Chief operating officer of CIC

Philippe Vidal
Deputy chief operating officer of CIC

Stéphane Marché
CIC works council representative

Gilles Le Noc
CIC company secretary, secretary to the board of directors

Michel Lucas
Chairman and chief executive officer

Alain Fradin
Chief operating officer

Changes during fiscal year 2012

The ordinary annual general meeting of stockholders of May 24, 2012 appointed Joseph Arenas as a director.

Composition of the board of directors

This is governed by Article 10 of the company's bylaws.
The company is administered by a board of directors composed of no fewer than nine members and no more than eighteen members appointed by the general meeting of stockholders.
The board of directors also includes two directors elected by employees, one of whom represents the executives as defined in the banks' collective labor agreement and the other the remaining employees.
The directors elected by employees can only be natural persons. The other directors can be either natural or legal persons.
The age limit is 70. This is applied such that no-one over the age of 70 can be appointed if this has the effect of bringing the number of members over 70 to more than one third of the total number of members.
The term of office for directors is six years and they retire by rotation, one third every two years. With this in mind, the term of office of the first directors appointed by the general meeting of stockholders of May 19, 2011 is two, four or six years.
The terms of office of members other than those elected by the employees expire upon the adjournment of the ordinary general meeting of stockholders ratifying the financial statements of the financial year last ended and held during the year in which their term of office expires. The term of office of members elected by employees expires on the sixth anniversary of their election.
Non-voting board members are appointed for six years. They take part in board meetings and, while they have no vote, their opinions are noted.
A meeting of the board of directors held immediately following the AGM of May 19, 2011 appointed Michel Lucas as chairman of the board. This appointment was made for the duration of his term of office.
The dates of first appointment and terms of office of members of the board of directors are shown in a summary table on page 42.

Other corporate officers: general management

The board of directors, meeting immediately after the AGM of May 19, 2011, decided unanimously that the general management should be assumed by the chairman of the board of directors, Michel Lucas, as chief executive officer.
Pursuant to a proposal of the CEO, the board of directors decided unanimously to appoint Alain Fradin chief operating officer.

The chairman and chief executive officer and the chief operating officer are the executives responsible for CIC as regards the Monetary and Financial Code.
The workings of general management are governed by Article 12 of the company's bylaws, which do not add anything to the provisions of the law.
The board of directors has not set any limit to the powers of the chief executive officer or the chief operating officer.

Information concerning members of the board of directors and general management

Relations with the business

To the best of CIC's knowledge, there are no conflicts of interest between the obligations of the members of the board of directors or general management toward CIC and their personal interests or other obligations.
Apart from regulated agreements and the exception referred to on page 52 relating to Banca Popolare di Milano, no arrangements or agreements have been entered into with the main stockholders, customers, suppliers or others pursuant to which a member of the board of directors or general management has been nominated.
There are no service agreements linking members of the board of directors or general management with any of the group's companies. In particular, Banque Fédérative du Crédit Mutuel, which controls CIC and holds a seat on its board of directors, does not receive any management fees.
To the best of CIC's knowledge, there are no family relationships between members of the board of directors and general management.
Members of the board of directors and general management are reminded on a regular basis of the rules applicable to persons holding privileged information. They are also informed that they must disclose any trading in CIC stock units on the stock exchange by them or persons closely linked to them to the AMF (French financial markets authority) and to CIC. No such transactions have been reported.
Members of general management and the board of directors have each declared that:

1°. during the past five years they have not been:
- convicted of fraud,
- associated with the bankruptcy, receivership or liquidation of a legal entity in which they were a member of a management or governing body or of which they were the chief executive officer,
- subject to disciplinary sanctions imposed by the administrative bodies responsible for supervising CIC,
- subject to an administrative or court order which prevents them from acting as members of an administrative, management or supervisory body or from participating in the management or operations of a company;

2°. there are no potential conflicts of interest between their obligations toward CIC and their own personal interests;

3°. they have not, either directly or through a third party, entered into an arrangement or agreement with any of the main stockholders, customers, suppliers or subsidiaries of CIC pursuant to which they are granted special benefits by virtue of their position in CIC.

The originals of these declarations are held in the company secretary's office.

... Information concerning members of the board of directors and general management

Summary table, group management

	Date of first appointment	Date of expiry of current term of office	Main position held in the company	Main positions held outside the company[1]
Board of directors				
Michel Lucas	May 19, 2011	AGM ratifying the financial statements for 2016	Chairman of the board	Chairman, Confédération Nationale du CM, CM Centre Est Europe, and BFCM
Joseph Arenas	May 24, 2012	AGM ratifying the financial statements for 2012	Member of the board	Head of institutional and regulatory activities, CM Centre Est Europe
Catherine Allonas Barthe	May 19, 2011	AGM ratifying the financial statements for 2016	Member of the board	Chief executive officer of ACM Vie SAM
Maurice Corgini	May 19, 2011	AGM ratifying the financial statements for 2014	Member of the board	Director, CM Centre Est Europe
Jean-Louis Girodot	May 19, 2011	AGM ratifying the financial statements for 2014	Member of the board	Chairman, CM Ile-de-France
Jacques Humbert (representing BFCM)	May 19, 2011	AGM ratifying the financial statements for 2016	Member of the board	Vice-chairman, BFCM
Daniel Leroyer	May 19, 2011	AGM ratifying the financial statements for 2012	Member of the board	Chairman, CM Maine-Anjou, Basse-Normandie
Jean-Luc Menet (representing CCCM)	May 19, 2011	AGM ratifying the financial statements for 2012	Member of the board	Chief executive officer, CM Océan, Director, CCCM
Philippe Vasseur	May 19, 2011	AGM ratifying the financial statements for 2014	Member of the board	Chairman, CM Nord-Europe
Cédric Jolly	Oct. 26, 2011	Oct. 26, 2017	Employee, CIC Nord Ouest	
William Paillet	Oct. 26, 2011	Oct. 26, 2017	Employee, CIC Est	
General management				
Michel Lucas	May 19, 2011	AGM ratifying the financial statements for 2016	Chief executive officer	Chairman, Confédération Nationale du CM, CM Centre Est Europe, and BFCM
Alain Fradin	May 19, 2011	Unlimited duration	Chief operating officer	Chief executive officer, Confédération Nationale du CM, and CM Centre Est Europe Chief operating officer, BFCM

CM: Crédit Mutuel. BFCM: Banque Fédérative du Crédit Mutuel. CCCM: Caisse Centrale du Crédit Mutuel.
(1) The other positions and functions are listed below.

Executives' terms of office

Board of directors

Michel Lucas

Born May 4, 1939, Lorient

Business address:
Crédit Industriel et Commercial
6 avenue de Provence - 75009 Paris

	Term of office started	Term of office expires
Chairman and chief executive officer	May 19, 2011	2017

Other positions held

Chairman-CEO:		
Banque Fédérative du Crédit Mutuel	Oct. 22, 2010	2013
Carmen Holding Investissement	Nov. 07, 2008	2016
Chairman of the board of directors:		
Confédération Nationale du Crédit Mutuel	Oct.13, 2010	2015
Fédération du Crédit Mutuel Centre Est Europe	Oct.22, 2010	unlimited
Caisse Fédérale de Crédit Mutuel	Sept. 24, 2010	2014
Groupe des Assurances du Crédit Mutuel	Feb. 24, 1993	2017
Assurances du Crédit Mutuel Vie SA	June 29, 1993	2017
Assurances du Crédit Mutuel IARD SA	March 19, 1993	2017
Assurance du Crédit Mutuel Vie SAM	June 13, 1991	2015
Banque du Crédit Mutuel d'Ile-de-France	Nov. 17, 2003	2015
International Information Developments	Feb. 6, 2004	2013
Direct Phone Services	Feb. 6, 2004	2013
Républicain Lorrain	June 30, 2009	2015
Est Républicain	Nov. 4, 2011	2015
Liberté de l'Est	Jan. 5, 2012	2013
Dernières Nouvelles d'Alsace	Nov. 4, 2011	2015
Chairman:		
Crédit Mutuel Cartes de Paiements	May 7, 2003	2015
Europay France	May 28, 2002	2014
Chairman of the supervisory board:		
Banque Européenne du Crédit Mutuel (formerly Banque de l'Economie du Commerce et de la Monétique)	Oct.22, 2010	2013
Euro Information Production (GIE)	May 19, 1994	2017
Vice-chairman of the supervisory board:		
CIC Iberbanco	June 5, 2008	2013
Banque de Luxembourg (Luxembourg)	March 25, 2003	2017
Director:		
ACMN IARD	July 25, 1997	2015
ASTREE (Tunis)	March 4, 2005	2013
Assurances Générales des Caisses Desjardins (Quebec)	May 12, 1993	2016
Banque de Tunisie (Tunis)	March 30, 2004	2013
Banque Marocaine du Commerce Extérieur (Casablanca)	Sept.17, 2004	2014
CIC Banque Transatlantique	Dec. 19, 2000	2014
Banque Transatlantique Belgium (Brussels)	March 21, 2005	2015
CRCM Midi-Atlantique	May 24, 2008	2014
Caisse de Crédit Mutuel "Grand Cronenbourg"	May 11, 1985	2013
CIC Lyonnaise de Banque	July 6, 1999	2014
Safran	April 21, 2011	2016
Dauphiné Libéré	June 29, 2011	2017
Est Bourgogne Média	Sept. 17, 2012	2018
Le Progrès SA	June 22, 2012	2018
Member of the supervisory board:		
CM-CIC Asset Management	Sept. 28, 1992	2014
Manufacture Beauvillé	Feb. 14, 2000	2018
CM-CIC Services (GIE)	May 7, 2008	2014
CM-CIC Capital Finance	Feb. 2, 2011	2014
Member of the management committee:		
Euro Information	June 14, 2002	2014
Euro Information Développement	June 14, 2002	2014
EBRA	Feb. 24, 2006	2013
Permanent representative:		
BFCM (member of the management board of SOFEDIS)	1994	2014

Positions held in the past five fiscal years

Chairman of the board of directors:		
Banco Popular Hipotecario	Oct.28, 2010	2011
CEO:		
Confédération Nationale du Crédit Mutuel	Jan. 21, 1998	2010
Chairman of the executive board:		
CIC	June 17, 1998	2011
Chairman of the supervisory board:		
Fonds de garantie des dépôts	Nov. 26, 2008	2012
Targo Deutschland GmbH	Dec. 8, 2008	2011
Targo Management AG	Dec. 8, 2008	2011
TARGOBANK AG	Dec. 8, 2008	2011
Cofidis	March 17, 2009	2011
Cofidis Participations	March 17, 2009	2011
CM-CIC Capital Finance	Feb. 2, 2011	2012
Director - CEO:		
Fédération du Crédit Mutuel Centre Est Europe	April 6, 2001	2010
Banque Fédérative du Crédit Mutuel	June 14, 2002	2010
Caisse Fédérale de Crédit Mutuel	April 6, 2001	2010
Vice-chairman of the supervisory board:		
Mastercard Europe Région (Brussels)	Sept. 30, 1992	2008
Safran	April 15, 2009	2011
Director:		
Banque de l'Economie du Commerce et de la Monétique (now Banque Européenne du Crédit Mutuel)	May 15, 1992	2010
CIC Finance	Dec. 20, 2000	2010
Member of the supervisory board:		
CIC Investissement	Dec. 20, 2000	2010
Safran	Oct. 30, 2002	2009
Permanent representative:		
Caisse Fédérale de Crédit Mutuel (director of Crédit Mutuel Paiements Électroniques)	March 19, 2003	2012

Catherine Allonas Barthe

Born January 18, 1955, Strasbourg

Business address:
ACM
42 rue des Mathurins - 75008 Paris

	Term of office started	Term of office expires
Director	May 19, 2011	2017

Other positions held

Chairman:		
Massena Property	Aug. 31, 2009	2014
CEO:		
ACM Vie SAM	Jan. 1, 2006	unlimited

... Information concerning members of the board of directors and general management

Permanent representative:

ACM Vie SAM (member of the supervisory board of CM-CIC Asset Management)	Jan. 1, 2006	2014
ACM Vie SAM (director of GIE ACM)	May 7, 2005	2013
ACM Vie SAM (director of Valinvest Gestion)	2008	n/a
ACM Vie SAM (director of Serenis Assurances)	May 7, 2005	2014
ACM Vie SAM (director of Foncière des Régions)	2009	2015

Positions held in the past five fiscal years

Chairman of the supervisory board:

Foncière Massena SCA	Nov. 8, 2006	2009

Director:

SA 174 Prés Saint Germain	n/a	2008

Joseph Arenas

Born September 27, 1955, Campdevànol (Spain)

Business address:
Caisse Fédérale de Crédit Mutuel
34 rue du Wacken - 67000 Strasbourg

	Term of office started	Term of office expires
Director	May 24, 2012	2013

Other positions held

Director:

Est Républicain SA	Nov. 4, 2011	2013
Est Bourgogne Media SA	July 13, 2011	2014
Société d'édition de l'hebdomadaire du Louhannais et du Jura SA	June 16, 2011	2014
Dernières nouvelles d'Alsace SA	Nov. 4, 2011	2013

Positions held in the past five fiscal years

Director:

Républicain Lorrain SA	April 12, 2007	2009

Banque Fédérative du Crédit Mutuel

34 rue du Wacken - 67000 Strasbourg

	Term of office started	Term of office expires
Director	May 19, 2011	2017

Other positions held

Chairman:

CM-CIC Immobilier	June 5, 2012	2014
Bischenberg	Sept. 30, 2004	2015

Director:

Assurances du Crédit Mutuel SAM	May 4, 2005	2015
Assurances du Crédit Mutuel Vie SA	May 4, 2005	2017
Assurances du Crédit Mutuel IARD SA	May 4, 2005	2017
Banque de Tunisie	May 26, 2009	2015
Boréal	Jan. 25, 1991	2014
Caisse de Refinancement de l'Habitat	Oct. 12, 2007	2013
CM-CIC Epargne Salariale	May 21, 2008	2014
CM-CIC Securities	Dec. 31, 1999	2017
CM-CIC SCPI Gestion	Jan. 30, 1990	2014
CM-CIC Home Loan SFH	April 16, 2007	2013
Crédit Mutuel Cartes de Paiements	March 17, 1983	2015
Crédit Mutuel Habitat Gestion	March 20, 1990	2014
Critel	Nov. 24, 1989	2014
Fédération du Crédit Mutuel Centre Est Europe	Sept. 29, 1992	unlimited
Groupe des Assurances du Crédit Mutuel	Feb. 4, 1994	2017
Groupe SOFEMO	Nov. 19, 1986	2014
SAEM Mirabelle TV	Nov. 30, 2009	2013
SAEM Locusem	Dec.16, 2010	2013
SEM Action 70	Oct. 1, 1990	2013
SEM Destination 70	Oct. 1, 1990	2014
SEM CAEB - Bischheim	Nov. 27, 1997	2015
SEM CALEO - Guebwiller	June 24, 2005	2013
SEM Euro Moselle Développement	March 15, 1991	2014
SEM Nautiland	May 25, 1987	2014
SEM pour la promotion de la ZAC Forbach Sud (banking pool)	Feb. 24, 1989	2017
SEM Semibi Biesheim	Nov. 14, 1984	2015
SIBAR	May 27, 1999	2015
Société Fermière de la Maison de L'Alsace	Jan. 1, 1977	2016
Société Française d'Édition de Journaux et d'Imprimés Commerciaux "L'Alsace"	June 2, 2004	2016
Ventadour Investissement	May 24, 1991	2013

Member of the management committee:

Euro Information	June 14, 2002	2014
Euro Protection Surveillance	June 27, 1992	2014
Euro TVS	Nov. 27, 1979	2014
Euro Information Direct Service	June 14, 2002	2014

Member of the supervisory board:

Batigère	March 22, 1996	2014
CM-CIC Asset Management	Dec. 31, 2004	2014
SAEM Mulhouse Expo	Feb. 16, 2005	2016
Société d'Etudes et de Réalisation pour les Equipements Collectifs (SODEREC)	May 30, 1978	2013
STET - Systèmes Technologiques d'Échanges et de Traitement	Dec.8, 2004	n/a

Adviser to management:

SOFEDIS	Nov. 24, 1994	2013

Non-voting board member:

SAFER d'Alsace	May 30, 2006	unlimited
SEM E Puissance 3 - Schiltigheim	March 7, 1991	2013

Positions held in the past five fiscal years

Director:

Caisse Centrale du Crédit Mutuel	Sept. 17, 1969	2012
CM-CIC Participations Immobilières	Sept. 17, 1981	2012
CM-CIC Aménagements Fonciers	April 23, 1981	2012
Crédit Mutuel Paiements Electroniques	March 19, 2003	2012
CM-CIC Agence Immobilière	April 17, 2001	2008
Institut Lorrain de Participations	May 30, 1997	2010
SA d'HLM Habitat des Salariés d'Alsace	May 4, 2005	2010
UES PACT ARIM	Nov. 17, 1994	2010
CM-CIC Covered Bonds (now CM-CIC Home Loan SFH)	April 16, 2007	2011
SEM Patinoire Les Pins	Oct. 1, 1990	2010

Member of the supervisory board:

SCPI Crédit Mutuel Habitat 2	Sept. 13, 1990	2008
SCPI Crédit Mutuel Habitat 3	Sept. 18, 1991	2009
SCPI Crédit Mutuel Habitat 4	Oct. 13, 1993	2009
SCPI Finance Habitat 1	April 29, 1998	2010
SCPI Finance Habitat 2	June 18, 1997	2010
CIC	June 17, 1998	2011

Caisse Centrale du Crédit Mutuel

88-90 rue Cardinet - 75017 Paris

	Term of office started	Term of office expires
Director	May 19, 2011	2013

Other positions held

Member of the supervisory board:

CM–CIC Asset Management	Dec. 30, 1997	2014
SODEREC	April 19, 1978	2014
La Française Real Estate Managers (formerly UFG REM)	Jan. 1, 2008	2013

Director:

Centre International du Crédit Mutuel - CICM	May 22, 1984	2013
C.M.C.P.	May 16, 1983	2015
Crédit Logement	July 6, 1999	2015
Crédit Mutuel Habitat Gestion	Jan. 13, 1987	2014
CRH	April 10, 1990	2015

CM-CIC Factor	Nov. 22, 1999	2017
France Active Garantie	July 4, 1995	2013
IDES Investissements	Aug. 12, 1983	2016
Le Chèque Domicile	Dec. 20, 2011	2014
Maison Europe des coopératives	Feb. 5, 2008	2013
SGFGAS	March 24, 1993	2014
Non-voting board member:		
SIAGI	May 12, 2005	2015

Positions held in the past five fiscal years

Director:		
C.M.P.E.	March 19, 2003	2012
France Titrisation	n/a	2009
CODLES	n/a	2010

Maurice Corgini

Born September 27, 1942, Baume-les-Dames

Business address: Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg	Term of office started	Term of office expires
Director	May 19, 2011	2015

Other positions held

Chairman of the board of directors:		
Caisse de Crédit Mutuel de Baume-Valdahon-Rougemont	May 10, 1981	2012
Union des Caisses de Crédit Mutuel du District de Franche-Comté Sud	April 20, 1995	2014
Director:		
Fédération du Crédit Mutuel Centre Est Europe	April 20, 1995	2014
Banque Fédérative du Crédit Mutuel	June 22, 1995	2015
Caisse Agricole Crédit Mutuel	Feb. 20, 2004	2014
Co-manager:		
Cogit'Hommes Franche-Comté	March 1, 2005	unlimited

Positions held in the past five fiscal years

Member of the supervisory board:		
CIC	June 17, 1998	2011

Jean-Louis Girodot

Born February 10, 1944, Saintes

Business address: Crédit Mutuel Ile-de-France 18 rue de La Rochefoucauld - 75439 Paris Cedex	Term of office started	Term of office expires
Director	May 19, 2011	2015

Other positions held

Chairman of the board of directors:		
Fédération du Crédit Mutuel d'Ile-de-France	1995	2015
Caisse Régionale Crédit Mutuel d'Ile-de-France	1995	2015
Caisse de Crédit Mutuel "Paris-Montmartre Grands Boulevards"	1975	2013
Chairman:		
Comité régional pour l'information économique et sociale - CRIES	2011	2014
Vice-chairman:		
Coopérative d'information et d'édition mutualiste (CIEM)	2011	2014
Chambre régionale de l'économie sociale et solidaire d'Ile-de-France - CRESS	1986	2014
Audiens	2002	2014
General secretary:		
Fédération nationale de la presse spécialisée - FNPS	1979	2015
Member of the bureau:		
Conseil économique, social et environnemental d'Ile-de-France	1989	2013
Director:		
Confédération Nationale du Crédit Mutuel	1995	2017
Banque Fédérative du Crédit Mutuel	2002	2014
Caisse Fédérale de Crédit Mutuel	2003	2015
Afdas (formerly Mediafor)	1995	2014
Member of the supervisory board:		
EI Production	1995	2016
Permanent representative:		
Caisse Régionale de Crédit Mutuel d'Ile-de-France (director of ACM Vie SFM)	2005	2015
FNPS à la Commission paritaire des publications et agences de presse	1994	indeterminate duration

Positions held in the past five fiscal years

Chairman:		
SAS CODLES	1980	2011
Vice-chairman:		
Fédération nationale de la presse spécialisée - FNPS	1979	2011
Member of the supervisory board:		
CIC	Dec. 19, 2001	2011
Director:		
PEMEP	1997	2011
Permanent representative:		
CRESS IDF à la Conférence nationale des CRES	1988	2011
Member:		
Groupe Aprionis	1999	2011

Jacques Humbert

Born July 7, 1942, Patay

Business address: Fédération du Crédit Mutuel Centre Est Europe 34 rue du Wacken - 67000 Strasbourg	Term of office started	Term of office expires
Representative of Banque Fédérative du Crédit Mutuel, director	May 19, 2011	2017

Other positions held

Chairman:		
Union des Caisses de Crédit Mutuel du District de Mulhouse	2002	2014
Chairman of the board of directors:		
Caisse de Crédit Mutuel La Doller	1982	2016
Vice-chairman of the board of directors:		
Banque Fédérative du Crédit Mutuel	Dec. 13, 2002	2015
Director:		
Caisse Fédérale de Crédit Mutuel	Dec. 13, 2002	2015
Fédération du Crédit Mutuel Centre Est Europe	Dec. 9, 2006	2013
Société française d'édition de journaux et d'imprimés commerciaux L'Alsace	May 31, 2006	2018
Permanent representative:		
ADEPI (director of GACM)	May 11, 2011	2016

Daniel Leroyer

Born April 15, 1951, Saint-Siméon

Business address: Crédit Mutuel Maine-Anjou, Basse-Normandie 43 boulevard Volney - 53083 Laval Cedex 9	Term of office started	Term of office expires
Director	May 19, 2011	2013

Other positions held

Chairman of the board of directors:		
Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie	2003	2014
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie	2003	2014
Caisse Générale de Financement (CAGEFI)	2003	2014

... Information concerning members of the board of directors and general management

Créavenir (association)	2004	2014
Caisse de Crédit Mutuel du Pays Fertois	1998	2014
Caisse de Crédit Mutuel Solidaire de Maine-Anjou, Basse-Normandie	2007	2013
Vice-chairman of the supervisory board:		
SODEREC	2012	2014
Director:		
SAS Assurances du Crédit Mutuel Maine-Anjou-Normandie (ACMAN)	2002	2014
Confédération Nationale du Crédit Mutuel	2003	2014
Volney Bocage SAS	2012	2015
Member of the executive committee:		
Fondation du Crédit Mutuel	2009	2013
Permanent representative:		
Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie (director of GIE CLOE Services)	2003	2014
Fédération du Crédit Mutuel Maine-Anjou, Basse-Normandie (vice-chairman of Centre International du Crédit Mutuel)	2012	2013
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (director of SAS Volney Développement)	1999	n/a
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (director of Assurances du Crédit Mutuel IARD SA)	2012	2017
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (director of Banque Fédérative du Crédit Mutuel)	2011	2015

Positions held in the past five fiscal years

Chairman of the board of directors:		
Caisse de Crédit Mutuel Enseignant Saint-Lô	2007	2008
SAS CLOE	2008	2009
Crédit Mutuel Solidaire de Maine-Anjou, Basse-Normandie (association)	2007	2010
Member of the supervisory board:		
CIC	May 19, 2005	2011
Société de Réassurance Lavalloise (SOCREAL) SA	1998	2010
Caisse Fédérale du Crédit Mutuel Maine-Anjou, Basse-Normandie (director of Groupe des Assurances du Crédit Mutuel)	2005	2012

Jean-Luc Menet

Born February 2, 1951, Nantes

Business address: Crédit Mutuel Océan: 34 rue Léandre-Merlet 85001 La Roche-sur-Yon Cedex 27	Term of office started	Term of office expires
Representative of Caisse Centrale du Crédit Mutuel, director	May 19, 2011	2013

Other positions held

CEO:		
Fédération du Crédit Mutuel Océan	Nov. 1, 2007	unlimited
Caisse Fédérale du Crédit Mutuel Océan	Nov. 1, 2007	unlimited
Société Coopérative de Crédit C.M.A.R. Océan	Nov. 1, 2007	unlimited
Director:		
Confédération Nationale du Crédit Mutuel	Oct. 4, 2007	2016
SAS Océan Participations	Oct. 26, 2007	2014
Permanent representative:		
Caisse Fédérale du Crédit Mutuel Océan (chairman of SAS ANTEMA)	Sept. 24, 2009	2013
Caisse Fédérale du Crédit Mutuel Océan (director of SAS Volney Développement)	Jan. 1, 2009	2015
Caisse Fédérale du Crédit Mutuel Océan (member of the supervisory board of SAS Euro Information)	May 6, 2009	2015
Caisse Fédérale du Crédit Mutuel Océan (director of SA Tourisme Océan)	Oct. 24, 2007	2012*
Caisse Fédérale du Crédit Mutuel Océan (director of SA ACM IARD)	Oct. 11, 2007	2015
Caisse Fédérale du Crédit Mutuel Océan (director of Caisse Centrale du Crédit Mutuel)	Dec. 19, 2007	2013
Caisse Fédérale du Crédit Mutuel Océan (director of SAS Crédit Mutuel Cartes de Paiement)	Nov. 1, 2007	2015
Caisse Fédérale du Crédit Mutuel Océan (director of SAS Crédit Mutuel Paiements Electroniques)	Nov. 1, 2007	2015
Caisse Fédérale du Crédit Mutuel Océan (director of SAEM SEMIS)	March 14, 2002	2017
Caisse Fédérale du Crédit Mutuel Océan (member of the supervisory board of CM-CIC Asset Management)	March 22, 2007	2014

* Company deregistered but not yet liquidated as at December 31, 2012

Positions held in the past five fiscal years

Chairman of the supervisory board:		
SA SODELEM	Sept. 26, 2007	2010
Chairman:		
SAS Auto Euro Location	Jan. 5, 2009	2010
Member of the supervisory board:		
CIC	Dec. 13, 2007	2011
Permanent representative:		
Caisse Fédérale du Crédit Mutuel Océan (director of SA FINANCO)	Nov. 30, 2000	2009
Caisse Fédérale du Crédit Mutuel Océan (chairman of LLD Participations)	Dec. 20, 2008	2010

Philippe Vasseur

Born August 31, 1943, Touquet

Business address: Crédit Mutuel Nord Europe 4 place Richebé - 59011 Lille Cedex	Term of office started	Term of office expires
Director	May 19, 2011	2015

Other positions held

Chairman:		
Caisse Fédérale du Crédit Mutuel Nord Europe	May 26, 2000	2015
Caisse de Crédit Mutuel Lille Liberté	March 29, 2005	2015
Société de Développement Régional de Normandie (SA)	May 29, 2001	2013
Chambre de commerce et d'industrie Région Nord-Pas-de-Calais (EP)	Jan. 12, 2011	2016
Crédit Mutuel Nord Europe Belgium (SA-Belgium)	Sept. 11, 2000	2015
Chairman of the supervisory board:		
Banque Commerciale du Marché Nord Europe (SA)	May 26, 2000	2015
Groupe La Française (formerly La Française AM) (SA)	May 29, 2006	2015
Nord Europe Assurances (SA)	June 1, 2006	2013
Director:		
BKCP (SCRL – Belgium)	Dec. 21, 2001	2015
Groupe Eurotunnel (SA)	June 20, 2007	2014
Caisse Solidaire du Crédit Mutuel Nord Europe	Sept. 27, 2005	2015
Bonduelle (SA)	2008	n/a
Crédit Professionnel (SA-Belgium)	May 11, 2000	2015
La Française AM Private Bank (SA-Luxembourg)	July 10, 2003	2015
Nord Europe Partenariat (formerly Normandie Partenariat) (SA)	May 7, 2009	2015

Confédération Nationale du Crédit Mutuel (Association)	2008	2013
Citibank Belgium (SA)	2012	2015
Permanent representative:		
Crédit Mutuel Nord Europe Belgium (director, Mobilease SA-Belgium)	n/a	2013
Caisse Fédérale du Crédit Mutuel Nord Europe (Non-voting board member, LOSC Lille Métropole SA)	2005	2015
Caisse Fédérale du Crédit Mutuel Nord Europe (director of Groupe des Assurances du Crédit Mutuel SA)	May 4, 2005	2017

Positions held in the past five fiscal years

Chairman:		
BKCP Wallonie (SCRL)	Oct. 21, 2008	2009
Crédit Professionnel Interfédéral (SCRL - Belgium)	Nov. 22, 2000	2008
Member of the supervisory board:		
CIC	May 30, 2001	2011
Director:		
BKCP NOORD (SCRL - Belgique)	June 30, 2006	2009
BKCP Securities (SA-Belgique)	March 31, 2005	2011
Holder (SAS)	2005	2012
Permanent representative:		
Crédit Mutuel Nord Europe Belgium (director, Alverzele SA-Belgium)	n/a	2011
Société de Développement Régional de Normandie (director of Normandie Partenariat)	March 18, 2008	2009
Crédit Mutuel Nord Europe Belgium SA (vice-chairman of Federale Kas Voor Het Beroepskrediet - SCRL - Belgium)	March 25, 2004	2009
Crédit Mutuel Nord Europe Belgium SA (vice-chairman of BKCP NOORD SCRL - Belgium)	June 30, 2006	2009
Crédit Mutuel Nord Europe Belgium SA (vice-chairman of BKCP Wallonie SCRL - Belgium)	Oct. 21, 2008	2009
Crédit Mutuel Nord Europe Belgium SA (director of Crédit Professionnel Interfédéral - SCRL - Belgium)	Nov. 22, 2000	2008
Crédit Mutuel Nord Europe Belgium SA (director of BKCP Brabant SCRL - Belgium)	Dec. 21, 2001	2008

Cédric Jolly

Born May 1, 1980, Saint-Omer

Business address: CIC Nord Ouest 31 rue Léon Gambetta - 59000 Lille	**Term of office started**	**Term of office expires**
Director, representing employees	Oct. 26, 2011	2017

Other position held

Director, representing employees:		
CIC Nord Ouest	Feb. 17, 2012	2013

William Paillet

Born April 3, 1958, Paris

Business address: CIC Est 3 rue des Coutures - 77200 Torcy	**Term of office started**	**Term of office expires**
Director, representing employees	Oct. 26, 2011	2017

Other position held

Director, representing employees:		
CIC Est	Dec. 3, 2009	2014

General management

Alain Fradin

Born May 16, 1947, Alençon

Business address: Crédit Industriel et Commercial 6 avenue de Provence - 75009 Paris	**Term of office started**	**Term of office expires**
Chief operating officer	May 19, 2011	unlimited

Other positions held

Chairman-CEO:		
CM-CIC Bail	July 20, 1999	2016
Chairman:		
CIC Migrations	Nov. 26, 1999	2015
Chairman of the board of directors:		
TARGOBANK Spain (formerly Banco Popular Hipotecario)	Oct. 28, 2010	2013
Chairman of the supervisory board:		
CIC Iberbanco	June 5, 2008	2015
Cofidis	March 17, 2009	2015
Cofidis Participations	March 17, 2009	2015
Vice-chairman of the supervisory board:		
Targo Deutschland GmbH	Dec. 8, 2008	2017
Targo Management AG	Dec. 8, 2008	2013
TARGOBANK AG	Dec. 8, 2008	2013
CM Akquisitions GmbH	March 12, 2009	2014
CEO:		
Confédération Nationale du Crédit Mutuel	Nov. 17, 2010	unlimited
Caisse Centrale du Crédit Mutuel	Jan. 1, 2010	unlimited
Fédération du Crédit Mutuel Centre Est Europe	Oct. 20, 2010	unlimited
Caisse Fédérale de Crédit Mutuel	Sept. 24, 2010	2013
Chief operating officer:		
Banque Fédérative du Crédit Mutuel	April 8, 2011	unlimited
Director:		
Boréal	Oct. 14, 2002	2013
CM-CIC Titres	Feb. 18, 1994	2018
Groupe Sofémo	May 30, 1997	2014
Banque du Crédit Mutuel d'Ile-de-France	Nov. 17, 2003	2014
Banco Popular (Spain)	Nov. 11, 2011	2014
Member of the management committee:		
Euro Information	May 3, 2006	2013
Bischenberg	Sept. 30, 2004	2015
NRJ Mobile	Feb. 1, 1999	unlimited
Member of the supervisory board:		
CM-CIC Services (GIE)	May 7, 2008	2014
Eurafric Information	May 28, 2008	2016
Permanent representative:		
CCCM (member of the supervisory board of CM-CIC AM)	Dec. 15, 2010	2014
CIC (management committee of Euro GDS)	Dec. 19, 2003	2016
CIC Participations (director of CIC Ouest)	May 15, 2003	2014
CIC Participations (director of CIC Nord Ouest)	Dec. 26, 1990	2014
Groupement des Assurances du Crédit Mutuel (director of Sérénis Vie)	July 16, 2002	2017
Banque Fédérative du Crédit Mutuel (Crédit Mutuel Cartes de Paiements)	May 14, 2012	2015
Caisse Fédérale de Crédit Mutuel (Crédit Mutuel Paiements Electroniques)	May 14, 2012	2015

Positions held in the past five fiscal years

Chairman:		
SOLODIF	June 1, 2007	2008
Le Républicain Lorrain	April 12, 2007	2009
Vice-chairman of the executive board:		
CIC	June 17, 1998	2011

... Information concerning members of the board of directors and general management

CEO:		
Fédération du Crédit Mutuel Antilles-Guyane	May 30, 1998	2011
Fédération des Caisses du Crédit Mutuel du Sud-Est	June 21, 2001	2012
Caisse de Crédit Mutuel du Sud-Est	June 21, 2001	2012
Chief operating officer:		
Fédération du Crédit Mutuel Centre Est Europe	Feb. 14, 1998	2010
Caisse Fédérale de Crédit Mutuel (CFCMCEE)	Feb. 14, 1998	2010
Chairman of the board of directors:		
Groupe Républicain Lorrain Communication	May 4, 2007	2011
Director – Member of the bureau:		
Banco Popular Hipotecario (now TARGOBANK, Spain)	Oct. 28, 2010	2011
Confédération Nationale du Crédit Mutuel	Sept. 12, 2001	2010
Member of the supervisory board:		
Cofidis	March 17, 2009	2011
Cofidis Participations	March 17, 2009	2011
Permanent representative:		
Caisse Fédérale de Crédit Mutuel (vice-chairman of Caisse Centrale du Crédit Mutuel)	Jan. 3, 2001	2010
CCM Sud-Est (director of ACM Vie SA)	May 4, 2005	2011

Delegation of powers

Summary table of currently valid powers delegated by the general meeting of stockholders to the board of directors in the field of capital increases during the current fiscal year (Article L.225-100, para. 7).

Powers delegated by the general meeting of stockholders

General meeting of stockholders of May 19, 2011

Powers delegated to the board of directors to increase the capital by:

- issuing ordinary stock units or any other negotiable securities giving access to equity, maintaining stockholders' preferential subscription rights;
- incorporating premiums, reserves, benefits or other;
- issuing ordinary stock units or any other negotiable securities giving access to equity, with the cancellation of preferential subscription rights, by public offering;
- issuing ordinary stock units or any other negotiable securities giving access to equity, with the cancellation of preferential subscription rights, by private placement as referred to in Article L.411-2, II of the French Monetary and Financial Code.

Possibility of increasing the amount of issues in case of excess demand.

Issue of stock units without preferential subscription rights in consideration of contributions of stock units or equity instruments made to CIC in the context of a contribution in kind.

These delegated powers are valid for twenty-six months, or until July 19, 2013. The overall ceiling for all these capital increases is set at €150 million. Furthermore, if the board of directors were to issue negotiable debt instruments giving access to equity, the nominal amount of these securities would itself be limited to one billion six hundred million euros.

Use made of these powers by the board of directors

None.

Compensation of corporate officers

Guiding principles

The Crédit Mutuel group has signed the standard agreement with the government regarding various measures for the refinancing of credit institutions. In this framework, the group has made certain commitments regarding the status, compensation and commitments of its corporate officers over and above the legal and regulatory requirements. Some resolutions were passed on this subject by the board of BFCM in its meeting of December 19, 2008 and by the supervisory board of CIC in its meeting of February 26, 2009.
As a result of the change in governance of CIC and in executive corporate officers of CIC and BFCM, the respective boards of the two companies, in their meetings of May 11 and July 1, 2011 for BFCM and May 19, 2011 for CIC, established the new compensation arrangements for these executives and the commitments toward them.
This compensation and these commitments were established by the deliberating bodies of BFCM and CIC based on proposals by their respective compensation committees.
Non-executive corporate officers, i.e. all directors except for the chairman-CEO, do not receive either attendance fees or compensation of any kind.

Implementation

The executives concerned are the chairman-CEO and the COO. The chairman-CEO does not have an employment contract, and the COO's employment contract was terminated with effect from May 1, 2011.
The board of directors of CIC, in its meeting of May 19, 2011, decided, based on a proposal by the compensation committee, to grant Michel Lucas, as compensation for his corporate office of chairman and chief executive officer, annual compensation of €550,000. It also decided to establish for Michel Lucas, in regard to his corporate office of chairman-CEO, a termination indemnity equal to one year's compensation as corporate officer. Payment of this indemnity is subject to the achievement of performance objectives relating to the growth of the group's consolidated total equity in accordance with IFRS for the period from January 1, 2011 to the date of termination. This agreement concerning the termination indemnity was submitted for approval by the general meeting of stockholders of CIC on May 24, 2012 together with the statutory auditors' special report.
The board of directors of BFCM, in its meeting of July 1, 2011, decided, based on a proposal by the compensation committee, to grant Michel Lucas, with effect from fiscal year 2011, gross annual compensation of €250,000 in respect of his office as chairman-CEO of BFCM, plus the use of a company car.
The board of directors of BFCM, in its meeting of May 11, 2011, decided, based on a proposal by the compensation committee, to establish the gross fixed annual compensation of Alain Fradin at €800,000, plus the use of a company car, pension benefits and variable compensation if applicable, the amount of which to be established by the board of directors based on a proposal by the compensation committee. In his capacity as an employee, Alain Fradin comes under the supplementary pension scheme of January 1, 2008. Consequently, the compensation committee proposed that this pension scheme be applied to Alain Fradin's compensation in his capacity as deputy CEO of BFCM, on the same conditions as all group employees. It also decided to establish for Alain Fradin a termination indemnity equal to one year of gross salary calculated on the basis of the average of the last twelve months preceding the termination of his office.
Payment of this indemnity is subject to the achievement of performance objectives relating to the growth of the group's consolidated total equity in accordance with IFRS for the period from January 1, 2011 to the date of termination.
As regards this corporate office, the above indemnity is understood to be without prejudice to that which he might receive in his capacity as an employee pursuant in particular to labor agreements in force in the group. This agreement concerning the termination indemnity was submitted for approval by the general meeting of stockholders of BFCM on May 10, 2012 together with the statutory auditors' special report.
Compensation received by the group's key executives is detailed in the table below.
The group's key executives also benefited during the year from the arrangements for group insurance and, in the case of the chief operating officer, from the group supplementary pension scheme.
Key group executives did not receive any other specific benefits.
They have not been awarded any BFCM or CIC stock units, stock options or similar instruments. Furthermore, they are not entitled to attendance fees relating either to their positions in group companies or to those in other companies by reason of their positions in the group.
The group's key executives may also hold assets with, and take loans from, the group banks on the same terms as those offered to employees in general.
As at December 31, 2012 they had no loans of this kind.

... Implementation

Compensation received by key group executives from January 1 to December 31, 2012

2012 Amounts in euros (a)	Source	Fixed portion	Variable portion (b)	Benefits in kind (c)	Social benefits	Total
Michel Lucas	**Crédit Mutuel** **CIC**	**250,000** **550,000**		**5,298**	 **529**	**255,298** **550,529**
Alain Fradin	**Crédit Mutuel**	**800,000**	**0**	**4,346**	**8,184**	**812,530**
2011 Amounts in euros (a)						
Michel Lucas	Crédit Mutuel CIC	249,999 550,000		5,298	 514	255,297 550,514
Alain Fradin (*)	Crédit Mutuel	899,956	0	4,966	7,953	912,875

(a) Gross amounts paid by the company during the year.
(b) The variable portion if any is determined by the meeting of the BFCM compensation committee following the annual general meeting of stockholders called to approve the financial statements for the previous year, in respect of which the variable compensation is paid: the variable portion paid in year n thus relates to fiscal year n-1.
(c) Company cars exclusively.
(*) The fixed portion for 2011 includes a full and final settlement in respect of the suspension of his employment contract.

Variable compensation of professionals forming part of the “regulated population”

Regulatory developments

The financial crisis of 2008 led governments to take a number of measures regarding the compensation of financial market professionals.
Among them, regulation CRBF 97-02 of the French Committee for Banking and Financial Regulation, regarding banks' internal controls, was amended on January 14, 2009 and now includes an obligation to ensure that compensation policy is linked to objectives in terms of risk management and control.
At the Pittsburgh summit of September 24 and 25, 2009, G20 member states adopted the standards announced by the Financial Stability Board.
Additionally, the ministerial order of November 3, 2009 outlined mechanisms for the compensation of personnel whose activities are likely to have a material impact on credit institutions' and investment undertakings' risk exposure.
All these provisions concerning governance and the compensation of financial market professionals were incorporated into the professional standards of the FBF (French Banking Federation) issued on November 5, 2009.
The order of December 13, 2010 amending regulation 97-02 transposed the provisions of Directive 2010/76/EU of November 24, 2010 (the so-called CRD III) and amended a certain number of provisions concerning the compensation of employees referred to as forming part of the "regulated population", whose professional activities have a material impact on institutions' risk profile.

Rules of governance

The board of directors consults the compensation committee, whose members are independent and competent, to analyze the policies and practices concerning all relevant principles, including the company's risk policy.
This committee checks with general management to make sure that the risk and compliance divisions have been consulted on the definition and implementation of the compensation policy for these professionals.
Within the framework of principles thus defined, general management establishes the rules governing compensation.
The principles covering variable compensation require the basis for the variable elements of compensation to be consistent with the financial and non-financial objectives explicitly established for individual employees and teams of employees. These principles are in line with the institution's risk policy and provide in particular for costs attributable to the results of these professionals' activities, notably the cost of risk and liquidity, to be deducted.

Over a certain threshold, payment is deferred.
At least 40% of total variable compensation is deferred, over three financial years, and subject to claw-back clauses. For those with the highest variable compensation, as much as 80% is deferred. Actual payment is subject to certain conditions involving the results of the business line, the achievement of a certain level of ROE (return on equity) and the employees still being effectively employed at the date of payment.
Deferred compensation may thus be substantially reduced, or even not paid at all in the event of a failure to manage and control risks entailing losses.
An annual report on compensation policy and practices is submitted to the ACP (*Autorité de Contrôle Prudentiel,* the French Prudential Supervisory Authority) in accordance with Article 43-1 of regulation 97-02. Similarly, a report containing detailed amounts and information on items of variable compensation is published prior to the general meeting of stockholders called to ratify the annual accounts.

Report of the chairman of the board of directors to the annual general meeting of stockholders

of May 23, 2013 on the preparation and organization of the board's work and on internal control procedures

Preparation and organization of the work of the board

Principles of governance

Composition of the board

The workings of the board of directors are governed by Article 11 and Articles 13 through 16 of the company's bylaws, which do not contain any stipulations over and above the legal provisions. The board of directors has not established any internal regulations. It assesses its own performance and reports on it both in the general report which it presents each year to the ordinary general meeting of stockholders and by means of this report on the preparation and organization of its work.
CIC complies with the regulations in force regarding corporate governance. It does not, however, follow the recommendations contained in the AFEP-MEDEF code of corporate governance issued by AFEP *(Association Française des Entreprises Privées* or French Association of Private Companies) and MEDEF *(Mouvement des Entreprises de France* or French Confederation of Business Enterprises), some of which are unsuited to its situation bearing in mind the stockholding structure which is 97% composed of Crédit Mutuel group entities.
In determining the composition of the board of directors, three guiding principles are applied.

1°. As regards "independent" directors, within the meaning of current applicable legislation, their appointment is based on a number of recommendations relating to corporate governance. To the extent that the governance of each corporation has to be appropriate to its actual situation, as regards CIC there are two parameters to be taken into account:
- on the one hand, Banque Fédérative du Crédit Mutuel holds 92.04% of its stock units, directly or indirectly;
- on the other hand, the board of directors is mainly composed of representatives of the Crédit Mutuel federations, and in particular their chairmen.
  Four chairmen of Crédit Mutuel federations hold seats on the board, out of a total of nine directors appointed by the general meeting of stockholders.
  They all come from the non-bank business world. Of the four federations concerned, two are neither in the chain of stockholding control of CIC nor in the group consisting of the eleven federations associated in CM11 [1]. They can therefore legitimately be considered as "independent", if not in accordance with the letter then at least with the spirit of these recommendations.

(1) The CM11 group comprises the following eleven Crédit Mutuel federations: Centre Est Europe, Sud-Est, Ile-de-France, Savoie-Mont Blanc, Midi-Atlantique, Loire-Atlantique et Centre-Ouest, Centre, Normandie, Dauphiné-Vivarais, Méditerranée and Anjou.

... Preparation and organization of the work of the board

2°. Pursuant to an exchange of letters of intent signed on December 20, 2002 setting the basis for a planned partnership between the CM-CIC group and Banca Popolare di Milano (BPM), the fields to be covered by the partnership being the subject of a further exchange of letters on April 11, 2003, the chairman of BPM had been appointed a member of the supervisory board of CIC by the ordinary general meeting of stockholders of May 15, 2003. Reciprocally, Jean-Jacques Tamburini, a member of the executive board, had been appointed a director of BPM. The chairman of BPM had been appointed a director by the general meeting of stockholders of May 19, 2011. He resigned on November 29, 2011 after resigning as chairman of BPM. On December 31, 2012 BPM informed CIC that it would terminate the commercial agreement with effect from December 31, 2013.

3°. The first measure applying the principle of balanced representation of men and women on the board of directors led the general meeting of stockholders of May 19, 2011 to appoint Catherine Allonas-Barthe as a director. We expect women's representation to be strengthened by the upcoming annual general meeting of stockholders when it is called upon to appoint a new director.

Board committees

Compensation committee

The board of directors has established an internal specialist three-member committee. Their term of office is three years, expiring at the end of the first half of the calendar year constituting the third anniversary of the start of their term of office. This committee is responsible on the one hand for examining the statutory situation and the compensation of the chairman of the board of directors and the members of general management and making any appropriate proposals on the subject, and on the other hand for preparing the board's deliberations on the principles of the compensation policy for CIC's "regulated population", issuing an opinion on the general management's proposals for their implementation, and carrying out an annual review of this policy and reporting on it to the board.
In its meeting of May 19, 2011, the board of directors appointed:
- Jean-Louis Girodot, committee chairman;
- Maurice Corgini;
- Daniel Leroyer.

Group audit and accounts committee

With a view to responding to the requirements arising from the transposition of European Directive 2006/43/EC concerning the legal auditing of annual company and consolidated financial statements by means of order no. 2008-1278 of December 8, 2008 and to those deriving from regulation 97-02 of February 21, 1997 as amended concerning internal control of credit institutions and investment undertakings a group audit and accounts committee was established at CM5-CIC (now CM11-CIC) level in June 2009 (see internal control procedures below).
The board of directors is represented on this body by two of its members appointed in the meeting of May 19, 2011, namely:
- Maurice Corgini;
- Jean-Louis Girodot.

They are required to report to the board on the execution of their responsibilities.

Group risk monitoring committee

This committee has been established at CM11-CIC level and is composed of members of the deliberative bodies (see internal control procedures, below).
The board of directors is represented on this body by one of its members, appointed in its meeting of May 19, 2011, namely:
- Jean-Luc Menet.

He is required, with the assistance of the head of the risks division, to report to the board on the execution of his responsibilities.

Ethics and compliance

The code of ethics, which is now that of the CM11-CIC group, was approved by the supervisory board in its meeting of February 21, 2008.
This reference document, which brings together all the regulatory provisions regarding ethics, outlines the principles to be followed by all CM11-CIC entities and employees in carrying on their activities. It forms part of the general objectives established by the group concerning quality of customer service, integrity and rigor in handling transactions,

and compliance with regulations. It is designed to serve as a reference in this field and to be adopted by the various entities. Compliance with ethical rules applies not only to employees in the context of their duties but also to the entity to which they belong. The entity must see to it that the above principles, which reflect the values to which the whole CM11-CIC group subscribes, are properly applied.
The compendium of ethics is held available to all by the general secretariat.
The rules applying to persons holding privileged information are the subject of regular reminders. The board members have also been informed that they must declare to the AMF and to CIC any trades that they or persons closely linked to them carry out on CIC securities.

Principles and rules for the compensation of corporate officers

In its meeting of February 26, 2009, the supervisory board took note of the arrangements laid down by the French Commercial Code and of the agreement with the government, signed by Étienne Pflimlin on behalf of the whole Crédit Mutuel group on October 23, 2008 in the framework defined by Amendment no. 2008-1061 to the Finance Act, dated October 16, 2008. In particular, the board took note of the obligations imposed upon it and the commitments that this agreement entailed in terms of governance as it relates to the compensation policy for corporate officers and the end of concurrent corporate offices and employment contracts. The board confirmed its commitment to complying with these principles at CIC level, and satisfied itself that the mechanisms put in place were adequate for the purpose. This policy was ratified by the general meeting of stockholders of May 12, 2009.
As a result of the change in governance of CIC and in executive corporate officers of CIC and BFCM, the respective boards of the two companies established the new compensation arrangements for these executives and the commitments toward them, as set out on page 49. This compensation policy was submitted for ratification by the general meeting of stockholders of May 24, 2012.
The supervisory board of CIC also adopted the overall compensation policy for financial market professionals, pursuant to the ministerial order of November 3, 2009 concerning "compensation of personnel whose activities are likely to have an effect on credit institutions' and investment undertakings' exposure to risks", and amending regulation no. 97-02 concerning internal control. This policy also gives effect to the professional standards drawn up in the course of 2009.
The order of December 13, 2010 amending regulation 97-02 transposed the provisions of Directive 2010/76/EU of November 24, 2010 (the so-called CRD III) and amended a certain number of provisions concerning the compensation of employees referred to as forming part of the "regulated population", whose activities have a material impact on institutions' risk profile. This order thus necessitated adjustments to CIC's policy, which were ratified by the supervisory board in its meeting of February 24, 2011.
The latest version of the note on the compensation policy for the "regulated population" was approved by the board of directors in its meeting of December 13, 2012.

The general meeting of stockholders did not approve any directors' attendance fees. Consequently the board of directors did not allocate any fees to its members.

Rules for attending the general meeting of stockholders

The rules for attending the general meeting of stockholders are set out on page 218.

Information required pursuant to Article L.225-100-3 of the French Commercial Code

The information relating to points 1, 2, 7 and 8 are published in the registration document (*document de référence*) (pages 31-32, 218, 40 and 218, and 48 and 220 respectively). The other points (3 through 6, and 9 and 10) do not apply to CIC.

The work of the board in 2012

The board of directors meets once a quarter in accordance with a pre-established calendar.
Each agenda item has a corresponding file or factsheet depending on its size to provide board members with the necessary information. Detailed minutes are prepared, recording deliberations, resolutions and voting.
The board of directors met four times in 2012. The attendance rate varied between 73% and 91%, averaging 84%.
The meeting of February 23 was mainly devoted to examining and approving the financial statements and preparing the ordinary general meeting of stockholders which was held on May 24. The board examined the financial statements for fiscal year 2011 in the presence of the statutory auditors and took note of the group audit and accounts committee's report of February 20. The board also adopted the proposals of the compensation committee, meeting on the same day, concerning variable compensation of market professionals for 2011.
In its second meeting, on May 24 immediately following the general meeting of stockholders, the board of directors decided to implement the trading of CIC stock on the stock exchange as authorized by the AGM, in the framework of the liquidity agreement. It took note of the work done by the risk monitoring committee in its meeting of April 18 and the audit and accounts committee in its meeting of May 14, and of the CIC annual report on internal control.
Meeting on July 26, the board of directors approved the interim consolidated financial statements of CIC for the first half of 2012, after taking note of the opinion of the audit and accounts committee dated July 25 and with the involvement of the statutory auditors.
In its last meeting of the year, on December 13, the board of directors took note of the work of the audit and accounts committee meeting of September 17 and of the risk monitoring committee meeting of November 5, as well as of a provisional estimate of CIC's consolidated earnings for 2012 and a forecast for 2013. It also approved the system of limits for capital market activities and the report of the compensation committee, which had met on the same day.

Internal control procedures

CIC's internal control and risk management system is integrated into that of the CM11-CIC group. The CM11-CIC group consists of entities governed by a single collective banking license, that of Caisse Fédérale de Crédit Mutuel, namely Crédit Mutuel Centre Est Europe, Crédit Mutuel Ile-de-France, Crédit Mutuel du Sud-Est, Crédit Mutuel Savoie-Mont Blanc, Crédit Mutuel Midi-Atlantique, Crédit Mutuel Loire-Atlantique et Centre-Ouest, Crédit Mutuel du Centre, Crédit Mutuel de Normandie, Crédit Mutuel Dauphiné-Vivarais, Crédit Mutuel Méditerranéen, and Crédit Mutuel d'Anjou, as well as all subsidiaries and consolidated companies, including CIC network headquarters and its regional banks.
The purpose of internal control and risk management work is to ensure compliance with all rules defined by supervisory authorities for the conduct of the group's operations, by using the internal and professional standards, tools, guidelines and procedures put in place to that end.

CM11-CIC group-level internal control and riskmonitoring process

General framework

Internal control and risk management are fully integrated into the group's organization with the aim of ensuring compliance with regulatory requirements and proper risk control and operational security, as well as improved performance.

A shared process

The group ensures that the process matches its size, the nature of its operations and the scale of risks to which it is exposed.
Internal control and risk measurement systems rely on common methods and tools to:
- completely cover the full range of the group's operations;
- list, identify, aggregate and track risks on a consolidated basis in a consistent manner;
- ensure compliance with applicable laws and regulations, internal standards, and instructions and guidelines established by executive management;
- ensure that in-house processes are running satisfactorily, assets are secure, and financial information is reliable.

More broadly, the processes in place are aimed at helping to ensure proper control of operations while at the same time improving the effectiveness of control work carried out.

A structured process

One of the key purposes of the organization is to verify the quality and completeness of the internal control system. Both for itself and the businesses it controls, the group ensures that this system is underpinned by a set of procedures and operational limits that match regulatory requirements and applicable internal and professional standards.

The identification, control and monitoring of key risks by means of benchmarks, risk mapping and appropriate exposure limits, formal procedures and dedicated tools are constant objectives for the control departments. Analytical tools and tracking dashboards make it possible to regularly review the various risks to which the group is exposed, including counterparty, market, asset and liability management and operational risks. In accordance with regulatory requirements, the group issues an annual report, using the format recommended by the Prudential Supervisory Authority, on internal control and on risk measurement and oversight, in light of which a detailed review of control processes is carried out.

An independent process

To ensure the necessary independence of controls, employees assigned to control tasks have no operational responsibilities and their reporting lines, whether hierarchical or functional, are such as to ensure their freedom of judgment and assessment.

CM11-CIC group process

The process has a dual objective:
- to separate the periodic, permanent and compliance controls into distinct functions in accordance with regulatory requirements;
- to harmonize internal control work throughout the group by creating a common organization based mainly on standardized methods and tools, and on the complementarity, subsidiarity, and independence of controls.

Organization of controls

Breakdown by type of control

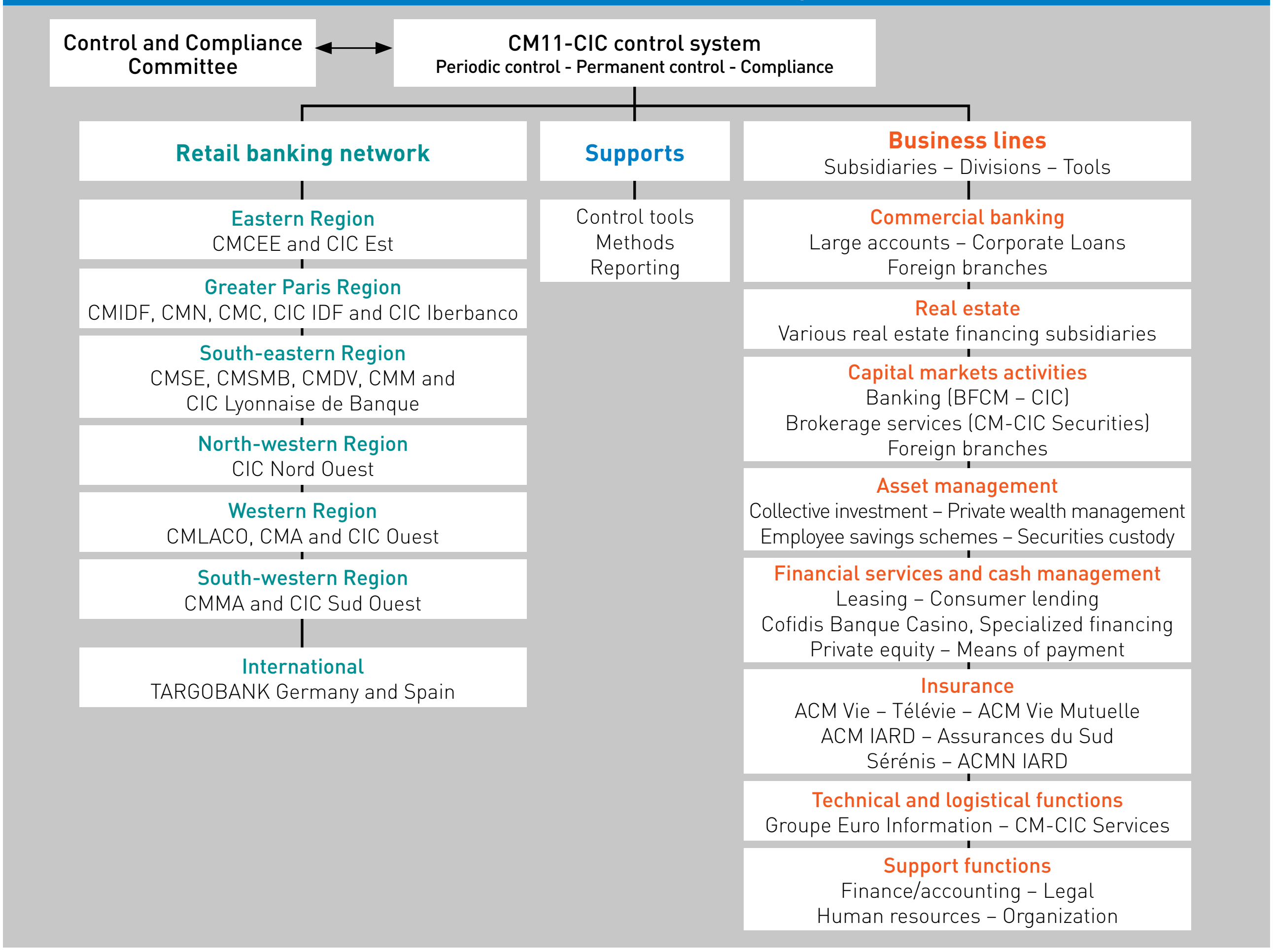
Independently of the controls performed by management teams as part of their daily operational activities, controls are performed by:
- periodic controls staff, for in-depth, audit-style assignments, carried out in cycles spanning several years;
- permanent controls staff, for all work of a recurring nature using remote applications;
- compliance staff, notably for the application of regulations and internal and professional standards including anti-money laundering.

The periodic control department is responsible for supervising the overall quality of the internal control system, its effective workings and oversight of risks, as well as the smooth workings of the permanent and compliance controls.

Split between network and business lines

Control functions have been split into two structures, one dealing with the retail banking network and the other with the business lines (large accounts, capital markets activities, asset management, financial services, cash management, etc.) with managers appointed for both at CM11-CIC group level.

Overall framework of internal control organization



A common support unit for the various kinds of control

The periodic control, permanent control and compliance functions are assisted by a common support unit which is responsible for:

- developing the tools and keeping them up to date and in good working order;
- preparing the reporting instruments needed for monitoring control operations and assignments, and centralizing information for the management bodies, at central and local (regional and subsidiary) levels;
- ensuring that control tools are complementary between the various control functions so as to provide optimal cover of group risks.

Oversight of internal control processes

Group control and compliance committee

Chaired by the chief operating officer of CIC, the compliance committee holds regular meetings with the staff responsible for periodic, permanent and compliance controls and risk management, with the following objectives:

- coordinating the process and ensuring that the work and assignments of the various parties involved are complementary, such that all risks are covered;
- establishing control plans and reviewing the outcomes of assignments carried out by the periodic control units as well as the work done by the permanent control and compliance functions and proposing any improvements that might be required to the executive body;
- analyzing the conclusions of external inspections, in particular those carried out by the supervisory authorities;
- monitoring implementation of the resulting recommendations.

The control and compliance committee also reviews a certain number of activities and documents that serve as points of reference. In 2012 the committee issued an opinion on new tools and procedures. It reports on its work to the group audit and accounts committee.

Group audit and accounts committee

In order to meet regulatory requirements and rules of governance, the CM11-CIC group set up an audit and accounts committee in 2008. Including the new federations, it now comprises fourteen honorary, independent members from the group's mutual base. Several of its members have particular skills in accounting and finance. The executive body, the control departments and the finance division are represented on it.

... Internal control procedures

This committee:
- examines the provisional internal control schedule;
- is informed of the conclusions of inspections carried out by the periodic control function and of the results of the permanent and compliance controls;
- takes due note of the conclusions of external controls, particularly of any recommendations made by the supervisory authorities;
- is informed of actions carried out to give effect to the main recommendations issued in internal and external control reports;
- assesses the effectiveness of the internal control systems;
- proposes to the various deliberative bodies such improvements as it deems necessary in view of the findings of which it has been made aware.

In the area of financial reports, it:
- is responsible for monitoring the process for preparing financial information;
- examines the annual company and consolidated financial statements;
- assesses the manner in which they have been drawn up and satisfies itself as to the appropriateness and consistency of the accounting principles and methods applied;
- participates in the selection of statutory auditors;
- supervises the statutory audit of the accounts.

The group audit and accounts committee met four times during the past fiscal year, on February 20, May 14, July 25, and September 17. Minutes of its meetings were drawn up and sent to the deliberative bodies of the various federations and of CIC. It examined the financial statements for the year ended December 31, 2012 in its meeting of February 26, 2013. There were no particular observations.

Risk oversight procedures

Group risk department

The risk department is responsible for analyzing and reviewing all types of risks on a regular basis with regard to allocated regulatory capital. The department's role is to help CM11-CIC expand and improve its profitability while monitoring the quality of its risk control procedures. In 2012, as well as perfecting implementation of the risk oversight system as defined in CRBF regulation 97-02, it also undertook a review of the compensation of financial market professionals with regard to the regulatory provisions, as well as finalizing a consolidated risk report for management.

Group risk monitoring committee

This committee is made up of members from the deliberative bodies and meets twice a year to examine strategic risk issues. It proposes to the board of directors, in light of its findings, any decisions of a prudential nature that are applicable group-wide.

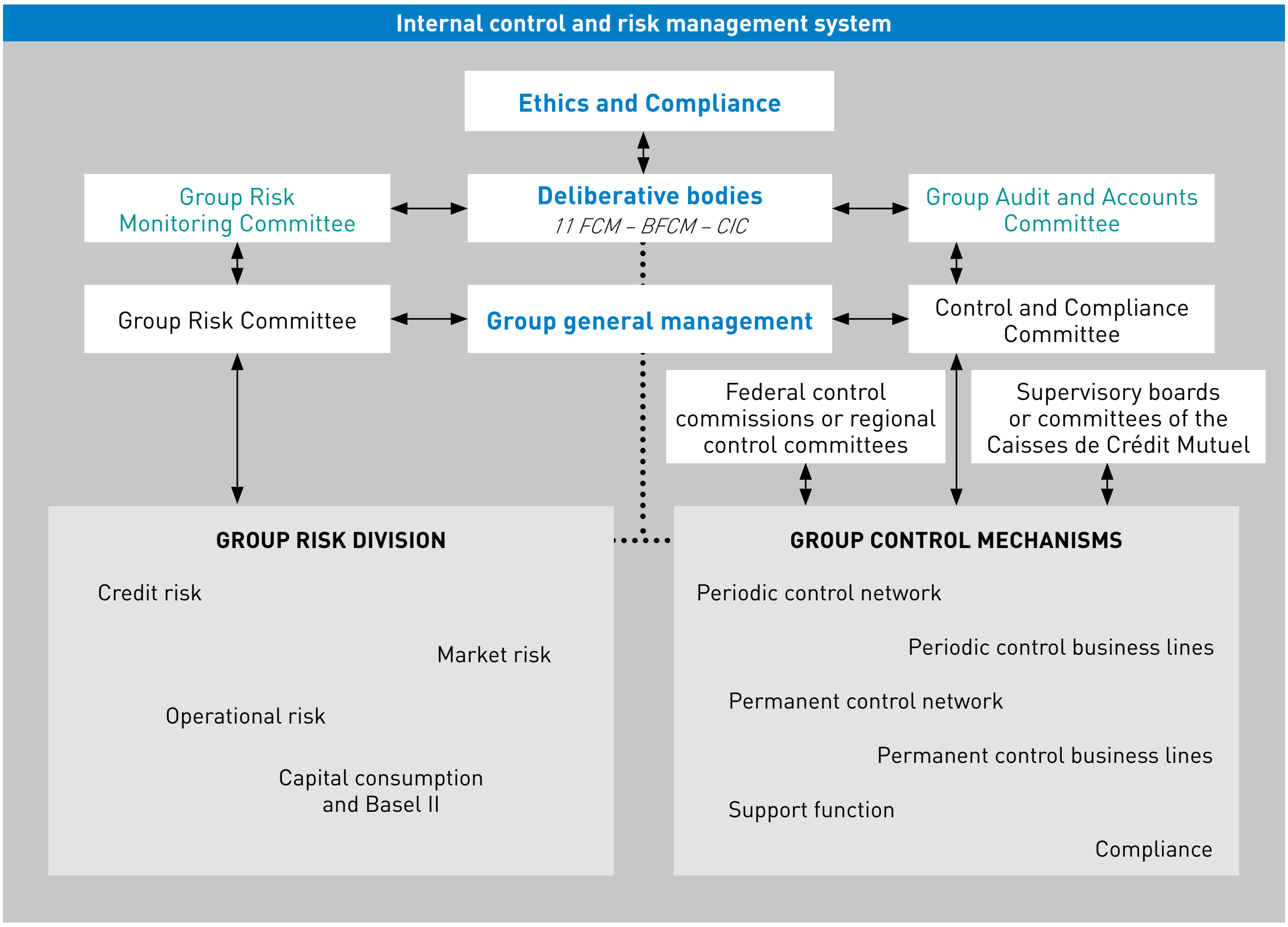
Committee meetings are led by the chief risk officer, who is also responsible for presenting the files opened on the various risk areas. General management is also invited to the committee meetings, and the committee may also invite the heads of business lines involved in the agenda items.

Group risk committee

This committee meets quarterly in the presence of general management and the heads of the business lines and functions involved: retail banking, insurance, financing, refinancing, capital markets, commitments, and finance department. Coordinated by the risk department, it is responsible for overall supervision of both existing and potential risk.

Operational risk coordination committee

This committee meets four times a year, bringing together the risk department and the group heads of permanent control and compliance. It is responsible in particular for proposing and coordinating action to protect against and reduce operational risks arising from dysfunctions.



CIC's risk control and monitoring procedures

This section mentions only CIC's in-house oversight bodies, but CIC must also report on its work on a company basis to the supervisory authorities, which regularly conduct on-site audits.

Control mechanisms

General structure

Board of directors

In accordance with regulatory requirements, a report on internal control work is submitted to the board of directors of CIC twice a year, and the CIC annual internal control report is also submitted to it.

Levels of control

These are identical to those set up at group level, and totally integrated within the system. Designated teams perform periodic, permanent and compliance controls at CIC. They report to the central group control division.

The CIC teams not only perform controls within the bank, but also take part in work and assignments throughout the CM11-CIC group.

Control work

Control work, carried out in all areas in which the bank operates, draws on group level methods and tools as well as formal procedures. The results of these controls are used to generate recommendations, implementation of which is monitored.
2012 saw the continuation of work at group level on the Basel II project, preparation for Basel III, and the implementation of new tools designed to perfect the mechanisms for controlling and monitoring risk.

Basel II project

In conjunction with the Confédération Nationale du Crédit Mutuel, an organization has been put in place within the group that enables regular control of the system. A procedural framework details the distribution of tasks among the various entities involved.
For managing operational risks, the group has been authorized by the French Prudential Supervisory Authority since 2010 to use the advanced approach.

... Internal control procedures

Basel III project

The risk department is in charge of transition to the new regulatory constraints.

Common methods and tools

The control and risk management methods and tools continued to be harmonized. CIC benefits from the shared tools developed by the group support center, which notably include oversight functionalities.

Periodic control tools
These are aimed at providing a mapping of network risks, by consolidating all types of assignments based on a common catalog of points of control. They are regularly updated. Access to the information necessary for carrying out the controls is provided by the IT system. In view of the group's growth, a project had been launched to develop a tool for monitoring the implementation of recommendations made by the group periodic control teams during their assignments and those made by the supervisory authorities. It was rolled out in 2012.

Permanent control tools
Permanent controls on the branch network are performed remotely, essentially by using data from the information system. They complete the first level controls carried out on a daily basis by the heads of the operational units and regional coordination, assistance and control functions. They involve "internal control portals" which plan and structure the various tasks to be carried out with regard to hedging risks.
The automated detection of cases in "risk alert" status, in accordance with predetermined anomaly criteria, is an essential part of good credit risk management. Other types of controls allow the quality of results obtained to be assessed so that resources can be deployed or inspections guided accordingly.

Compliance tools
Work continued on the implementation of systems for legal and regulatory surveillance and monitoring of compliance risk. The compliance function also has its own control areas within the "internal control portals" allowing it to check that regulatory provisions are being applied, notably with regard to business and professional ethics, protecting customers' interests, performing investment services and combating money laundering and the financing of terrorism.

Procedures

These are posted on the corporate intranet and are accessible at all times by all employees with the help of search engines. The control tools refer to them, and links have been created to make it easier to look up and apply procedures. Framework procedures established at group level in a number of areas, notably compliance, are applied at CIC.

Risk oversight system

Risk management

Credit risk management is organized into two structures: one focusing on the granting of loans and the other on risk measurement and the monitoring of commitments.
Since 2008, a reference base of commitments has existed summarizing the internal procedures of the lending arm of CM11-CIC in accordance with applicable statutory, organizational and regulatory provisions. It describes in particular the systems for granting loans, for measuring and overseeing commitments and for managing total assets at risk. It contains attachments relating to capital markets activities as well as to the subsidiaries directly concerned.
Liquidity and interest rate risk management for the group banks is centralized (decisions of the former executive board of CIC and the board of directors of BFCM). Hedging is applied to the entities concerned, according to their needs. They are no longer authorized to take hedging decisions individually.
Overall measurement of market risk is based on the regulatory framework. Capital market activities are monitored in accordance with procedures that are formally recorded and independent in terms of organization and control.
The management of operational risk is performed and controlled in accordance with group procedures, coordinated by dedicated units. In particular the security of the information systems and the putting in place of business continuity plans form part of the work carried out in this area.
Operational risk is dealt with in detail in the Basel II project (see above).

Risk oversight

This is carried out by dedicated, independent teams, which have at their disposal tools designed on the one hand to provide a comprehensive aggregate overview of commitments, and on the other to carry out ongoing monitoring of risk, notably by means of an advance detection system for anomalies, monitoring of adherence to limits as well as changes in internal ratings.
Information for assessing trends in credit, market, ALM and operational risks is provided regularly to the management bodies and other responsible persons concerned. The risk department carries out general management with regard to the regulatory capital consumed by each activity by reference to the risks incurred and the return obtained.

Accounting data and control at CIC and group levels

CM11-CIC's finance department, which is responsible for producing and validating the financial statements, is organized into two functional sections - networks and specialized businesses. The latter deals with financial accounting and consolidation, as well as accounting controls.
The information used for financial reporting is produced and validated by this department before being presented to the audit and accounts committee.

Controls on the bank's financial statements

Accounting system

Accounting architecture
This is based on an IT platform shared throughout 15 Crédit Mutuel federations and CIC's regional banks, and includes accounting and regulatory features, in particular for:
- the chart of accounts, the structure of which is identical for all institutions of the same type managed through this platform;
- defining the automated templates and procedures shared by all the banks (means of payment, deposits and credits, day-to-day transactions, etc.);
- reporting tools (BAFI, consolidation software input, etc.) and oversight tools (management control).

Administration of the shared accounting information system is handled by the "accounting procedures and templates" divisions, which form independent units, either within the "network" finance department or the "specialized businesses" finance department.
More specifically, the latter are responsible for:
- managing the shared chart of accounts (creating accounts, defining the characteristics of the accounts, etc.);
- drawing up shared accounting procedures and templates, in accordance with tax and regulatory requirements; if necessary, the division concerned consults the tax department, and templates are validated by various operational managers.

The "accounting procedures and templates" divisions do not report to, nor are they linked to, the departments that handle the actual accounting production. As such, the divisions involved in designing and administering the system architecture are separate from the other operational departments.
All accounts within CIC must be allocated to an operational department, which is responsible for maintaining and verifying the accounts. Therefore, an account cannot be "unallocated."
The organization and procedures in place ensure compliance with CRBF (French Banking and Financial Regulations Committee) regulation 97-02 and the existence of an audit trail.

Chart of accounts
This is divided into two broad sections: third-party captions showing payables and receivables for individual third parties, and the general accounting captions.
Dedicated accounts are used for third party deposits and loans, enabling them to be monitored. For custody of negotiable securities, a "materials" accounting system distinguishes between securities owned by third parties and those owned by the bank. The chart of accounts for all the credit institutions using the shared IT platform contains unique identifiers and is managed by the "accounting procedures and templates" divisions.
The chart of accounts defines the following account properties:
- regulatory characteristics (link to the official chart of accounts of credit institutions (PCEC), link to the item in the publishable financial statements, etc.);
- certain tax aspects (VAT position, etc.);
- management characteristics (whether compulsory or not, link with the consolidated chart of accounts, length of time online transactions are stored, presence at headquarters/branch, etc.).

Processing tools
The accounting information processing tools rely primarily on internal applications designed by the group's IT divisions.
There are also a number of specialized internal and external applications, particularly production software for management reporting and for balances and accounting reports, a file query processing utility, consolidation software, regulatory report processing, property and equipment management and filing of tax declarations.

Procedure for data aggregation
In accordance with the model defined by CM11-CIC, accounting data are aggregated for the following entities:
- the group (e.g. CIC);
- federations made up of one or more banks or other legal entities;
- banks belonging to a federation.

The bank (branches and central departments) is broken down into branches, which represent the basic unit of the accounting system. It is at this level that accounting entries are recorded.

Accounting consistency of management data
Each branch comprises an external branch for recording financial accounting data and an internal one that records cost accounting data. At the individual branch level, the figures used for management accounting purposes are obtained by combining the internal and external data. The group result is obtained by adding together the balances of the branches.
Links are established between financial accounting captions and the codes attributed to the products marketed by the bank.
Cost accounting data are used to determine the results by business segment that are needed to prepare the consolidated financial statements.

Control methods

Automated controls
A series of automated controls are carried out when accounting records are processed and before transactions are allocated to ensure that records are balanced and valid, and to update the audit trail of the captions affected by the transaction.
In-house tools are used to control accounting transactions on a daily basis and to detect any discrepancies.

... Internal control procedures

Closing process controls

At each closing date, financial accounting results are compared with forecast cost accounting data and data from the previous year, for purposes of validation. The forecast cost accounting data are generated by the management accounting department and the budget control department, both of which are independent from the production of financial statements.
This analysis particularly concerns:

- interest margins: for interest-rate instruments, including deposits, loans and off-balance-sheet transactions, the management accounting department calculates expected yields and costs based on average historical data. These are then compared with the interest rates actually recognized, for validation business segment by business segment;
- commission levels; based on business volume indicators, the management accounting department estimates the volume of commissions received and payable, compared with recognized data;
- overheads (personnel costs and other general operating expenses);
- net additions to provisions for loan losses (level of provisioning and recognized losses).

Procedures put in place

Accounting procedures and templates are documented.
For the network, procedures are posted on the bank's intranet.

Levels of control

Daily accounting controls are performed by the appropriate staff within each branch.
The accounting control departments (controls/procedures and "specialized businesses" management accounting) also perform more general responsibilities involving regulatory controls, monitoring supporting evidence for internal and branch accounting data, control of the foreign exchange position, and of net banking income by business segment, accounting procedures and templates with CM11, and the interface between back offices and the statutory auditors for the half-yearly and annual closings.
Furthermore, the control departments (periodic, permanent, compliance) also perform accounting work. A dedicated accounting control portal has been put in place, and is in the process of being extended throughout the group.

Performing controls

Automated accounting controls

An automated daily control procedure based on the bank's daily balance allows the verification of balance sheet and off-balance sheet positions, asset/liability balances by branch and by currency, and the monitoring of technical accounts.
This procedure is also applied to the general ledger at the end of each month.

Evidencing the accounts

All balance sheet accounts are evidenced either by means of an automated control or by the department responsible for them. Reports by department evidencing accounts contain the results of checks carried out.

Controls on the consolidated financial statements

Accounting principles and methods

Adapting to regulatory developments
The system is periodically updated in line with regulatory developments (IFRS) or to improve the reliability of financial statement preparation.

IFRS compliance
IFRS accounting principles have been applied in group entities since January 1, 2005. The consolidated financial statements include a summary of them.
CIC and CM11 jointly define the French (CNC) and international (IFRS) accounting principles and methods to be applied by all group entities in their company-only financial statements. Foreign subsidiaries use this information to restate their local accounts in accordance with French and international accounting standards in their consolidation packages and for financial reporting purposes. The accounting principles used to consolidate the accounts conform to those of the Crédit Mutuel group.
The accounting managers of the various CM11-CIC entities meet twice a year to prepare the half-yearly and annual closings.
Individual company financial statements in accordance with IFRS are prepared for the relevant entities in the central IT system, using the same organization and team as for those drawn up in accordance with French (CNC) standards.

Reporting and consolidation

Consolidation process
The group uses a consolidation chart of accounts. Within the shared information system, each caption in the chart of accounts is linked to the consolidation chart of accounts, in an identical way for all companies using the shared chart.
The consolidated accounts are prepared in accordance with a timetable distributed to all the subsidiaries and the statutory auditors, which includes, where applicable, changes in procedures and standards to be incorporated. Each consolidated subsidiary has one person in charge of its closing process and another in charge of reporting intercompany transactions between fully consolidated companies.
In accordance with their professional standards, the statutory auditors for the consolidation also give the statutory auditors of the consolidated companies instructions aimed at ensuring that the subsidiary complies with the various rules.
A dedicated software package, one of the main standard tools on the market, is used to consolidate the accounts. Data input (consolidation packages) is partially automated, using an interface developed on the accounting information system. This system makes it possible to automatically retrieve balances and ensure that company-only and consolidated data are consistent.

Reporting and data control
Companies cannot submit their consolidation package before a number of consistency checks that are programmed into the input software have been carried out. These control checks (currently more than 600), established by the consolidation departments, cover a large number of aspects (changes in equity, provisions, fixed assets, cash flows, etc.) "Blocking" controls prevent a package from being transmitted by the subsidiary and can only be overridden by the central consolidation departments.
Consistency checks against company-only data are also performed by the consolidation department upon receipt of the consolidation packages (level of results, intermediate balances, etc.)
Finally, systematic reconciliation statements between company-only and consolidated data are generated for equity and earnings. This process, which ensures consistency in the transition between the statutory and consolidated series, is carried out without using the consolidation software, thus leading to validation of the consolidated data.

Analysis of accounting and financial information

The consolidated financial statements are analyzed in relation to the previous year, to the budget and to quarterly accounting and financial reporting. Each analysis covers a specific area, such as provisions for loan losses, trend in outstanding loans and deposits, etc. Observed trends are corroborated by the departments concerned, such as the lending and management control divisions of the various entities. Each entity's contribution to the consolidated financial statements is also analyzed.
Each time a closing involves the publication of financial data, this information is presented to CIC's general management and board of directors by the finance department, which explains the breakdown of income, the balance sheet position and CIC's current business situation, including the reconciliation of non-accounting data (rates, average capital, etc.).
The accounting work gives rise to a regular presentation to the group audit and accounts committee. In 2012, reports concerned the overall process for drawing up the group's financial statements (IT tools used, administration of the accounting information system, workflow implemented); accounting choices made (consolidation scope, provisions for equity holdings) with regard to applicable IFRS; consolidated results and in-depth analysis of same (analysis of the various management suspense accounts, sectoral analyses by business line); and changes in the items used to calculate the solvency ratio (capital and risks).

Conclusion

Drawing on common methods and tools, CIC's internal control and risk oversight mechanism fits into CM11-CIC's system of controls, forming a coherent whole, appropriately adapted to the group's different activities in France and internationally. It meets banking and finance regulatory requirements and conforms to the operational principles established by the group. This past year saw the consolidation of the mechanism following the inclusion of a new Crédit Mutuel federation.

Michel Lucas
Chairman of the board of directors

Statutory Auditors' report,

pursuant to Article L.225-235 of the French Commercial Code on the report of the chairman of the board of directors of CIC

Year ended December 31, 2012

To the stockholders,
In our capacity as Statutory Auditors of CIC, and in accordance with Article L.225-235 of the French Commercial Code, we hereby report to you on the report prepared by CIC's chairman in accordance with Article L.225-37 of the French Commercial Code for the year ended December 31, 2012.
It is the chairman's responsibility to submit to the board of directors for its approval a report on the internal control and risk management procedures implemented by CIC and containing the other information required under Article L.225-37 of the French Commercial Code, relating in particular to corporate governance procedures.
It is our responsibility:

- to report to you on the information set out in the chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information, and;
- to certify that the report contains the other information required under Article L. 225-37 of the French Commercial Code. It is not our responsibility to verify the fairness of this other information.

We performed our procedures in accordance with French professional standards.

Information on internal control and risk management procedures relating to the preparation and processing of financial and accounting information

These standards require that we perform procedures to assess the fairness of the information set out in the chairman's report on internal control and risk management procedures relating to the preparation and processing of financial and accounting information. These procedures mainly consist of:

- obtaining an understanding of the internal control and risk management procedures relating to the preparation and processing of financial and accounting information on which the information presented in the chairman's report is based, as well as of the existing documentation;
- obtaining an understanding of the work performed to support the information given in the report and of the existing documentation;
- determining if any material weaknesses in internal control relating to the preparation and processing of financial and accounting information that we may have identified during the course of our work are properly described in the chairman's report.

On the basis of our work, we have no matters to report as to the information given on internal control and risk management procedures relating to the preparation and processing of financial and accounting information contained in the chairman of the board of directors' report, prepared in accordance with Article L.225-37 of the French Commercial Code.

Other information

We certify that the chairman's report contains the other information required under Article L.225-37 of the French Commercial Code.

Neuilly-sur-Seine and Paris La Défense, April 19, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit
Agnès Hussherr

Ernst & Young et Autres
Olivier Durand

Statutory Auditors' report on regulated agreements and third party commitments

Year ended December 31, 2012

To the stockholders,
In our capacity as Statutory Auditors of CIC, we hereby report to you on regulated agreements and third party commitments.
It is our responsibility to report to you, based on the information provided to us, on the main terms and conditions of agreements and commitments that have been disclosed to us or that we identified during the audit, without commenting on their relevance or substance or seeking to identify any other agreements and commitments. In accordance with the provisions of Article R.225-31 of the French Commercial Code, it is for you to determine whether these agreements and commitments are appropriate and should be approved.
Furthermore, it is our responsibility, if applicable, to provide you with the information provided for in Article R.225-31 of the French Commercial Code relating to the execution, during the year under review, of agreements and commitments already approved by the Stockholders' meeting.

We carried out the work we considered necessary in view of the professional standards of the French Statutory Auditors' Association (*Compagnie Nationale des Commissaires aux Comptes*) relating to this assignment.
This included performing procedures to verify that the information given to us agreed with the underlying documents.

Agreements and commitments submitted to the general meeting of stockholders for approval

Agreements and commitments authorized during the year ended December 31, 2012

Pursuant to Article L.225-40 of the French Commercial Code, we have been informed of the following agreements and commitments already authorized by the company's board of directors.

1. Offset agreements among BFCM, Banque de Luxembourg and CIC

Persons concerned: Michel Lucas, Chairman-CEO of CIC, Alain Fradin, Chief operating officer of CIC, Jean-Louis Girodot, Director of CIC, Daniel Leroyer, Director of CIC, and Jacques Humbert, permanent representative of BFCM.
Banque de Luxembourg, CIC and BFCM form part of the CM11-CIC group and in this context carry out lending and borrowing transactions between, BFCM and Banque de Luxembourg on the one hand and between CIC and Banque de Luxembourg on the other, in order to optimize their treasury management.
These entities wished to consolidate their present and future transactions, and to benefit from the provisions of Articles L.211-36 et seq. of the French Monetary and Financial Code and the Luxembourg law of August 5, 2005 on financial guarantee agreements.
To this end, these entities entered into an offset agreement whereby, in the event of a default, the transactions concerned can be cancelled and the resulting debts and claims offset against one another, irrespective of their due dates, objects or currency of denomination.
This offset agreement among BFCM, Banque de Luxembourg and CIC was authorized in advance by CIC's board of directors on May 24, 2012.
This agreement had no effect on CIC's income statement for 2012.

Agreements and commitments already approved by the general meeting of stockholders

Agreements and commitments approved during previous years, execution of which continued during the year under review

Pursuant to Article R.225-30 of the French Commercial Code, we were informed that the following agreements and commitments, already approved by the general meeting of stockholders in previous years, continued to be executed during the year ended December 31, 2012.

2. Financial guarantee agreements and agreements for the provision of resources to Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds)

Person concerned: Michel Lucas, Chairman-CEO of CIC.
The CM11-CIC group wished to considerably increase its medium-and long-term funding base to meet expansion requirements. In this context, a project was undertaken to refinance certain real estate loans on favorable conditions. Since 2007, this refinancing has been carried out by a subsidiary of BFCM called Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds), whose sole activity is the refinancing of the CM11-CIC group via the issue of covered bonds within the scope of a Euro Medium Term Notes issue program.
The proceeds from these bonds enable Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds) to fund the CM11-CIC group's traditional refinancing channels by granting loans to BFCM.
In this context, in its meeting of May 31, 2007, CIC's supervisory board authorized the executive board to enter into:

- the financial guarantee agreement by which CIC allocates a portion of its real estate loan portfolio to guarantee commitments in favor of Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds). A rider was added to this agreement, authorized by the supervisory board in its meeting of May 12, 2009, aimed at increasing the cap for issues by Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds). This cap, initially set at €15 billion, was raised to €30 billion with a view to increasing the group's refinancing capacity. All the other features of the agreement initially entered into and authorized in 2007 remain the same. In 2012, CIC allocated €4,987,325,493 and received income of €10,331,019;
- the outsourcing agreement and agreement for the provision of resources to Crédit Mutuel-CIC Home Loan SFH (formerly CM-CIC Covered Bonds).
  CIC received no income arising from this agreement in 2012, owing to the termination of the agreement.

3. Rider to the financial guarantee agreement in favor of Caisse Fédérale de Crédit Mutuel on behalf of Banque Fédérative du Crédit Mutuel

Persons concerned: Michel Lucas, Chairman-CEO of CIC, Alain Fradin, Chief operating officer of CIC, Jean-Louis Girodot, Director of CIC, Daniel Leroyer, Director of CIC, and Jacques Humbert, permanent representative of BFCM.
The CM11-CIC group wished to set up an internal system to securitize its receivables representing housing loans granted to its customers and ineligible for other current refinancing arrangements (Caisse de Refinancement de l'Habitat (CRH), the SFEF, covered bonds program), in order to create an additional source of refinancing.
Securitization was carried out through a securitization fund called CM-CIC Home Loans FCT. A securitizable loan was granted by Caisse Fédérale de Crédit Mutuel to Banque Fédérative du Crédit Mutuel (BFCM) which used it to fund the CM11-CIC group's usual refinancing channels. It was then purchased by CM-CIC Home Loans FCT which issued notes to finance the acquisition. These notes were then immediately acquired by BFCM and deposited by it under repurchase agreements with the European Central Bank to cover refinancing granted by the latter.

The undertakings made by BFCM with regard to this securitizable loan granted by Caisse Fédérale de Crédit Mutuel are guaranteed by financial guarantees on housing loan receivables. They are issued by local branches of Crédit Mutuel that belong to Caisse Fédérale de Crédit Mutuel and by banks within the CIC group (the "guarantee providers") in favor of Fédérale de Crédit Mutuel on behalf of BFCM. Thus, when it purchased the securitizable loan, CM-CIC Home Loans FCT became the beneficiary of the guarantees issued, and may take advantage of this to obtain an AAA rating.
This financial guarantee agreement (the "Collateral Security Agreement") is between, firstly, BFCM as borrower, agent for the financial guarantee and "guarantee provider" on its own behalf, secondly, Caisse Fédérale de Crédit Mutuel as intermediary bank granting the securitizable loan to BFCM and, lastly, all the entities in the CM11-CIC group, including CIC, called on to provide guarantees.
This agreement provides in particular for the terms and conditions of remuneration of each "guarantee provider".
In this context, in its meeting of August 3, 2009, the supervisory board authorized the executive board to enter into the Collateral Security Agreement under which CIC could allocate all or some of its housing loan receivables to guarantee the obligations entered into by BFCM under the securitizable loan.
Within the framework of this agreement, the board of directors of CIC in its meeting of July 28, 2011 decided:
- to increase the maximum amount of the securitization program from €10 billion to €20 billion;
- and to include new local banks affiliated with Caisse Fédérale de Crédit Mutuel as "guarantee providers".

This increase required a rider to the financial guarantee agreement to be agreed and signed by CIC as "guarantee provider".
In 2012, this financial guarantee agreement generated revenue for CIC of €101,401 on guaranteed loan outstandings of €753,999,289.

4. Agreement on the concentration of the refinancing of Caisse de Refinancement de l'Habitat (CRH) with Banque Fédérative du Crédit Mutuel (BFCM)

Persons concerned: Michel Lucas, Chairman-CEO of CIC, Alain Fradin, Chief operating officer of CIC, Jean-Louis Girodot, Director of CIC, Daniel Leroyer, Director of CIC, and Jacques Humbert, permanent representative of BFCM.
CIC decided to have BFCM handle the refinancing granted by CRH.
With this in mind, in its August 29, 2007 meeting, CIC's supervisory board authorized the executive board to:
- authorize BFCM to act on behalf of CIC in its dealings with CRH;
- grant BFCM, through CIC, a guarantee in favor of CRH based on its mortgage loan portfolio;
- sell to BFCM, CIC's 891,346 CRH shares, which carried 1,005 voting rights, for a total of €14.1 million.

In 2012 this guarantee agreement generated revenue for CIC of €2,751,709 on guaranteed outstandings of €1,297,410,225.

5. Interest-free stockholder's current account advance agreement between CIC and wholly-owned subsidiary CIC Sud Ouest (formerly CIC Société Bordelaise) for €100 million

In its December 13, 2007 meeting, CIC's supervisory board authorized the signing of an interest-free stockholder's current account advance agreement between CIC and CIC Sud Ouest (formerly CIC Société Bordelaise) for an amount of €100 million, to strengthen CIC Sud Ouest's working capital, which had become negative due to investments made to expand its network.

6. Guarantee issued by CIC to Euroclear in respect of the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with Euroclear

Person concerned: Michel Lucas, Chairman-CEO of CIC.
Cigogne Fund is a Luxembourg-based hedge fund. Banque de Luxembourg, in its capacity as custodian and administrator of Cigogne Fund, opened an account with Euroclear Bank.
In its meeting of December 14, 2006, CIC's supervisory board authorized the signing of an agreement with Euroclear with a view to:
- opening a credit line for USD 1 billion in favor of Cigogne Fund;
- granting a guarantee to Euroclear for the same amount, for the functioning of Cigogne Fund accounts opened by Banque de Luxembourg with this sub-custodian.

This agreement had no effect on CIC's income statement for 2012.

7. Agreement guaranteeing customer deposits, given to Banque de Luxembourg (in respect of the first guarantee)

Person concerned: Michel Lucas, Chairman-CEO of CIC.
In its meeting of December 11, 2008, the supervisory board authorized the signing of an agreement with Banque de Luxembourg whereby a joint and several guarantee was granted to customers of Banque de Luxembourg guaranteeing that their deposits would be returned, with an overall cap of €4 billion, and a fee set at 0.02% of the amount covered by the guarantee.
For the granting of each individual guarantee, CIC authorized Banque de Luxembourg to sign all deeds of joint and several guarantee in favor of its customers and on behalf of CIC, in order to guarantee the return of their deposits in cash. Banque de Luxembourg will report to CIC on the guarantees issued and their amounts as and when they are issued.
This agreement was entered into for 12 months and expired on September 30, 2009. It was renewed on the basis of the existing guarantees of €2.4 billion by an express decision of CIC, then approved for a further 12-month period by the supervisory board in its meeting of December 10, 2009.
The other conditions of the agreement initially entered into remain unchanged. It has been replaced by a new agreement (see point 8).
This agreement generated revenue of €422 thousand for CIC in 2012.

8. Agreement guaranteeing customer deposits, given to Banque de Luxembourg (in respect of the second guarantee)

Person concerned: Michel Lucas, Chairman-CEO of CIC.
In its meeting of December 15, 2011 the board of directors authorized the signing of a new agreement with Banque de Luxembourg whereby a joint and several guarantee was granted to customers of Banque de Luxembourg guaranteeing that their deposits would be returned, with an overall cap of €4 billion, and a fee set at 0.02% of the amount covered by the guarantee.
For the granting of each individual guarantee, CIC authorized Banque de Luxembourg to sign all deeds of joint and several guarantee in favor of its customers and on behalf of CIC, in order to guarantee the return of their deposits in cash. Banque de Luxembourg will report to CIC on the guarantees issued and their amounts as and when they are issued.
This agreement was entered into until November 30, 2014 and is renewable by express decision of CIC.
This agreement had no effect on CIC's income statement for 2012.

9. Guarantee agreement re customer deposits given to Banque CIC Suisse, a wholly-owned subsidiary of CIC

The board of directors, in its meeting of December 15, 2011 decided, for the same reasons as those set out above in the case of Banque de Luxembourg, to cover certain customers of Banque CIC Suisse with a joint and several guarantee under French law, issued by CIC. This guarantee is for a maximum amount of CHF1 billion, with a fee set at 0.02% of guaranteed outstandings, until November 30, 2014.
This agreement had no effect on CIC's income statement for 2012.

10. Rider to the investment portfolio guarantee agreement granted to Banque de Luxembourg

Person concerned: Michel Lucas, Chairman-CEO of CIC.
In previous years, Banque de Luxembourg created an investment portfolio worth approximately €11 billion, of which a large part consists of securities issued by OECD member states. In the context of the banking crisis, Banque de Luxembourg wished to protect itself against the risk of default by issuers or guarantors of the securities in this portfolio due to the consequences this would have for it in Luxembourg and the behavior of its customers. Accordingly, it asked CIC, in its capacity as parent company, to guarantee these securities against such risk of default.
In its meeting of December 11, 2008, the supervisory board authorized the signing of this guarantee agreement. The base for the original guarantee is the portfolio of investment securities held by the bank as at September 30, 2008, excluding government securities, for an amount of €6.7 billion (nominal value). Banque de Luxembourg pays CIC an annual fee of 0.40% of the amount of assets guaranteed.
The original agreement has a term of five years and the financial features thereof may be adjusted every year. After this period, it may be renewed by tacit agreement every year, unless it is terminated by giving three months' notice.

The supervisory board, in its meeting of December 9, 2010, authorized the signing of a rider to the agreement aimed at changing the types of securities covered by the guarantee, its term, and the fee, as follows:

- the guarantee was extended to securities issued or guaranteed by sovereign issuers, and a portfolio of securities listed in Appendix 4 to the rider;
- an annual "first loss" exemption of €50 million which would apply to the initial losses in the event of default. This would not apply to the portfolio of securities listed in Appendix 4 to the rider;
- a fee of 0.10% instead of 0.40% due to the aforementioned exemption;
- a maturity date of no later than December 31, 2024 or the date as from which there are no longer any securities in the portfolio.

In 2012 this agreement generated for CIC:

- a loss of €16.7 million on CIC's purchases from Banque de Luxembourg in 2012 under this agreement;
- a loss of €33.6 million on the sale in the market of Greek sovereign securities previously bought in 2011 by CIC from Banque de Luxembourg under this agreement;
- revenue of €8.55 million.

Neuilly-sur-Seine and Paris La Défense, April 19, 2013

The Statutory Auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr	Olivier Durand

FINANCIAL INFORMATION

Consolidated financial statements

Executive board's management report

A year of sharp ups and downs

As in 2011, the question of sovereign debt led to alternating bouts of lost confidence and renewed risk appetite. At the beginning of the year, long-term refinancing operations (LTRO) carried out by the European Central Bank (ECB) in support of euro zone banks, gave rise to the feeling that the problem had been resolved. However, doubts surrounding Spain and Italy's public finances, and the absence of any lasting solution for Greece led to increased strains on interest rates and gave rise to fears that the euro zone might collapse. The ECB was forced to intervene during the summer by adopting the role of lender of last resort. This decision, combined with the provision of substantial amounts of liquidity by the other major central banks, eventually allowed optimism to win through, thus giving the backseat to the tough austerity drive that has sharply reduced domestic demand, curbed international trade and increasingly sapped growth in the United States and emerging countries.

Europe: a roller coaster ride

The crisis passed through three distinct phases. In the first one, the refinancing operations undertaken by the ECB at the end of 2011 clearly relieved tensions: Spanish and Italian banks used the borrowed funds to buy up their countries' sovereign debt on a massive scale. In the spring, however, the call for private sector creditors to take part in the haircut on Greek debt, together with governments' failure to meet their deficit reduction objectives, led to investors drastically reducing their exposure to the euro. With capital taking flight and sovereign bond rates soaring, many feared the worst.
Finally, the ECB's announcement of the launch of "Outright Monetary Transactions" (OMT) attenuated systemic risk without exposing political leaders to moral hazard. By making OMTs conditional on the prior existence of a partial assistance agreement with the European Stability Mechanism (ESM), which requires approval by the ESM's board of governors, the ECB effectively avoided signing a blank check for countries in difficulty.
While this action may have saved the euro zone, it did not solve the question of how to reactivate GDP growth, nor was it intended to. The deleveraging phase that started two years ago will continue to weigh down on growth prospects for several more years. Following a 2012 marked by recession, 2013 is likely to see near-stagnation. Internal demand will remain heavily subdued, and sources of activity will have to be sought beyond the frontiers of Europe. For several quarters now, European economies have been kept afloat only by exports, and this will continue in 2013. This underlines the importance of bolstering gains in competitiveness in order to lock in improvements in the balance of trade. The continuing flatness of the economy has added fuel to the debate on whether austerity measures should be eased by deferring public deficit targets by one or two years, depending on the country, to take account of the short-term economic situation. The outlook might brighten slightly if improvement is seen in the first quarter.

Institutional developments were also far-reaching. The ESM is now fully operational and strengthened by the ECB's commitment.
Oversight mechanisms came into operation, with more exhaustive controls on imbalances and ever stricter recommendations from the EU authorities. Another particularly important logjam was cleared - that of the banking union, which will consolidate the European structure.

United States: ever tougher budget negotiations

The US started 2012 on an upbeat note, which gradually faded as a result of the worldwide slowdown caused by the difficulties in Europe and the impossibility of compromise between Republicans and Democrats on budget issues.
Since they share power in Congress, the two parties had agreed to defer all budget decisions to 2013 - this with an eye on the November 2012 elections, which they hoped would give them a mandate to negotiate. Since the electorate in effect opted to maintain the status quo, the fog has not cleared.
An eleventh-hour partial agreement reached on January 1, 2013, while in fact dealing only with the revenue side of the equation, nonetheless avoided the "fiscal cliff" that would have plunged the US into recession. However, the compromise needed to agree on spending cuts by the end of February remained doggedly elusive. In this situation, economic agents preferred to adopt a wait-and-see stance. Despite the uptick in the early part of the year, uncertainty returned in the second half, leading businesses to cut back on capital expenditure and hiring. The effect took longer to work through to households, whose spirits were lifted by the rebound in real estate, but consumption will likely continue to suffer for several more months.
While waiting for the politicians to finally set the pace and methods for reducing the gap in the budget, the Federal Reserve continued to make available all necessary resources to reduce its negative impact. It launched a new mortgage-backed securities purchasing program to support and extend the reactivation of the real estate sector, which is an important job creator. It further eased its monetary policy by replacing "Operation Twist" (exchanging short-term Treasury securities for longer-term ones), which expired in 2012, with net purchases for an additional $45 million per month. This highly accommodative strategy will be maintained until the unemployment rate stabilizes below 6.5%, which will not be before 2014.

Emerging markets: growth is slowly being whittled away

Faced with slackening external demand, emerging countries were obliged to take additional measures to support economic activity. Virtually all their central banks (with the notable exception of Russia's) eased their policies in order to favor capital expenditure and avoid excessive appreciation of their currencies. Governments also continued or accelerated their stimulus plans in order to boost domestic consumption and thus further reduce their dependence on external demand as the driver of economic growth.

With the pace of expansion currently in a stabilization phase, emerging economies partly dispelled the doubts surrounding their solidity. This was particularly so in the case of China, which is in full transition. The Chinese authorities managed to hold GDP growth above 7%, the threshold needed to ensure social stability. They have adopted a stimulus plan that is less far-reaching than that of 2008/09, but more finely targeted at achieving gradual deflation of the real estate bubble. Growth should resume its upward trend in 2013, having apparently bottomed out, which is also the case in Brazil.
Overall, progress in terms of European structure, together with expansionist monetary strategies, allowed global growth to consolidate at a moderate but acceptable level. Growth in 2013 is likely to be limited while new public spending practices are being implanted, but we shall probably see a clearer uptick in 2014.

Business performance and results

Accounting principles

Pursuant to regulation (EC) 1606/2002 on international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2012 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2012. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The financial statements are presented in accordance with CNC recommendation 2009-R.04. All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008, which replaced regulation 1725/2003. The entire framework of standards is available on the European Commission's website at: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm
The disclosures relating to risk management required by IFRS 7 are set out in a separate section of the board of directors' report.
IAS 19R on employee benefits published in the Official Journal of the European Union dated June 5, 2012, application of which is mandatory as from January 1, 2013, has been applied early as from January 1, 2012. Details of its impact are provided in the note on retirement benefits.
The amendment to IFRS 7 on disclosures concerning transfers of financial assets was applied for the first time during this fiscal year.

Changes in consolidation scope

The changes during the year were:
- the acquisition of the securitization vehicle Lafayette CLO1 Ltd;
- the merger of CM-CIC Laviolette Financement with Factocic, which then changed its name to CM-CIC Factor;
- the absorption of Pasche International Holding Ltd by Pasche Finance;
- the dissolution of Pasche Fund Management Ltd, Pasche SA Montevideo, Serficom Investment Consulting (Shanghaï) Ltd and Serficom Maroc Sarl.

Analysis of the consolidated statement of financial position

The main changes in the consolidated statement of financial position items were as follows:
- customer loans, including lease financing, amounted to €132.9 billion at December 31, 2012, up 0.4% compared with the previous year end;
- customer deposits increased by 7.9% to €108.2 billion and customer funds invested in savings products[1] reached €230.4 billion, up 10.6% from the previous year end;
- total equity and reserves attributable to equity holders of the company rose to €10,362 million (compared with €9,227 million at December 31, 2011) and the resulting Tier 1 capital totaled €10,782 million. The Tier 1 and Core Tier 1 capital adequacy ratios increased to 12.1% and 11% respectively.

Analysis of the consolidated income statement

Net banking income rose from €4,166 million in 2011 to €4,260 million in 2012. General operating expenses rose by 5% to €2,944 million.
Net additions to/reversals from provisions for loan losses totaled €356 million in the year ended December 31, 2012 compared with €549 million (€204 million after restatement for the impact of the Greek sovereign securities) in the year ended December 31, 2011. The net provisioning for known risks in relation to outstanding loans rose from 0.16% to 0.20% and the overall non-performing loans provisioning ratio was 54.6% at December 31, 2012.
The Group reported net income of €722 million in 2012 compared with €579 million in 2011. 2011 net income included a €261 million charge, net of tax, on the Greek sovereign securities portfolio.
The fall in net income between 2011 and 2012, restated for the impact of the Greek sovereign debt, was due to the increase in general operating expenses and net additions to/reversals from provisions for loan losses, both of which increased by around 50%.

Ratings

CIC, a subsidiary of BFCM, has long-term ratings of A+ from Standard & Poor's, Aa3 from Moody's and A+ from Fitch.

(1) Amount outstanding at month end including financial securities issued.

Business performance

Description of business segments

CIC's business segments reflect its organizational structure (see chart on page 8).

Retail banking comprises the banking network – consisting of the regional banks and the CIC network in the Greater Paris region – and the specific business lines whose products are marketed by this network, i.e. life insurance and property-casualty insurance, equipment operating and finance leasing, real estate leasing, factoring, third party fund management, employee savings plan management and real estate.

Financing encompasses credit facilities for large corporates and institutional customers, and specialized financing (export financing, project and asset financing, etc.) as well as international operations and foreign branches.

Capital markets activities comprise investments in activities involving fixed income instruments, equities and foreign currencies ("ITAC") as well as brokerage services.

Private banking offers a broad range of finance and private asset management expertise to entrepreneurs and private investors.

Private equity includes equity investments, M&A advisory and financial and capital markets engineering.

Headquarters and holding company services include all activities that cannot be attributed to a specific business segment and units that provide solely logistical support, and whose expenses are, in principle, fully recharged to other entities. They include intermediate holding companies and real estate used for operating purposes held by specific companies.

Results by business segment

Retail banking

(in € millions)	2012	2011	Change 2012/2011
Net banking income	3,083	3,240	- 4.8%
Operating income before provisions	838	1,074	- 22.0%
Income before tax	743	1,001	- 25.8%
Net income attributable to owners of the company	518	685	- 24.4%

Retail banking further improved the quality of its network, which comprises 2,074 branches, including 24 set up in 2012.
Over the year, the group's expansion resulted, in particular, in:

- the number of the banking network's customers increasing by 109,437 to a total of 4,569,510 (+2%);
- a 1.4% increase in lending to €112 billion (including an increase of 5% for capital equipment loans);
- 7.7% growth in deposits to €83 billion due to a significant increase in savings book and term deposits;
- increased momentum in the property and casualty insurance business (number of policies in issue up 5.5% to 2,990,267 excluding individual memberships);
- expansion in services businesses (remote banking up 5.5% to 1,616,871 contracts, telephony services up 13% to 303,194 contracts, electronic surveillance up 15.6% to 69,579 contracts and electronic payment terminals up 7.0% to 105,977 contracts).

The increase in deposits together with the controlled increase in lending has enabled the banking network to achieve a banking network commitment ratio* of 122% compared with 130.1% at the end of 2011.
For the year ended December 31, 2012, net banking income for the retail banking business came to €3,038 million compared with €3,240 million in 2011.
General operating expenses increased from €2,166 million in 2011 to €2,245 million in 2012.
Net additions to/reversals from provisions for loan losses totaled €201 million compared with €157 million in 2011.
As a result, profit before tax came to €743 million compared with €1,001 million the previous year.

Financing

(in € millions)	2012	2011	Change 2012/2011
Net banking income	282	417	- 32.4%
Operating income before provisions	194	338	- 42.6%
Income before tax	130	304	- 57.2%
Net income attributable to owners of the company	105	197	- 46.7%

The effort made to rebalance refinancing also affected the net banking income of the financing segment, which totaled €282 million in the year ended December 31, 2012.
Net additions to/reversals from provisions for loan losses increased from €34 million in 2011 to €64 million in 2012.
Income before tax fell from €304 million in 2011 to €130 million in 2012.

* Ratio, expressed as a percentage, of total net loans to the network's total deposits.

... Executive board's management report

Capital markets activities

(in € millions)	2012	2011	Change 2012/2011
Net banking income	555	336	65.2%
Operating income before provisions	377	180	109.4%
Income before tax	351	126	178.6%
Net income attributable to owners of the company	204	64	218.8%

Net banking income for the capital markets activities totaled €555 million in 2012 compared with €336 million in 2011.
Net additions to/reversals from provisions for loan losses fell to €26 million from €54 million in 2011.
Income before tax rose from €126 million (after deduction of a €92 million impairment loss in respect of the Greek sovereign securities) to €351 million.

Private banking

(in € millions)	2012	2011	Change 2012/2011
Net banking income	464	431	7.7%
Operating income before provisions	130	115	13.0%
Income before tax	106	85	24.7%
Net income attributable to owners of the company	62	51	21.6%

Net banking income increased by 8% from €431 million in 2011 to €464 million in 2012 and income before tax increased by 25% from €85 million to €106 million.

Private equity

(in € millions)	2012	2011	Change 2012/2011
Net banking income	100	93	7.5%
Operating income before provisions	66	59	11.9%
Income before tax	66	59	11.9%
Net income attributable to owners of the company	67	57	17.5%

Net banking income totaled €100 million in the year ended December 31, 2012 compared to €93 million in 2011 and income before tax totaled €66 million compared with €59 million in 2011.
The total amount invested stood at €1.7 billion, including €199 million invested in 2012.
The portfolio comprises 497 investments.

Headquarters and holding company services

(in € millions)	2012	2011	Change 2012/2011
Net banking income	- 224	- 351	N/A
Operating income before provisions	- 289	- 410	N/A
Income before tax	- 374	- 703	N/A
Net income attributable to owners of the company	- 258	- 499	N/A

Net banking expense for 2012 included mainly:
- financing of working capital and the cost of subordinated notes (€171 million in 2012 compared with €139 million in 2011);
- impairment losses in respect of investments in non-consolidated companies (€6 million in 2012 compared with €181 million in 2011);
- financing of the network expansion plan (€82 million in 2012 compared with €74 million in 2011).

These three items represent a total expense of €259 million compared with €394 million in 2011.
As regards net additions to/reversals from provisions for loan losses, in 2012 this was an expense of €36 million including €34 million due to the disposal of the Greek sovereign securities. In 2011 it was an expense of €261 million (impairment losses in respect of Greek sovereign securities).
Income before tax this year comprised a €49 million expense in respect of impairment losses on investments in associates (€33 million in 2011).

Recent developments and outlook

CIC is focusing on:
- the commercial development of its network;
- enhancing its range of products and services across all its markets;
- meeting its objective of providing the best possible service to its customers, be they private individuals, associations, self-employed professionals or corporates;
- supporting economic activity so as to provide the closest possible match to its customers' needs.

Significant changes

There have been no significant changes in CIC's commercial or financial position since the end of the last financial year for which audited financial statements have been published.

Executive compensation

See "Corporate governance" on page 49.

Financial market professionals' variable compensation

See "Corporate governance" on page 50.

Risk management

This section sets out the information required by IFRS 7 regarding risk exposures arising from financial instruments. The figures provided in this section have been audited, except for those specifically marked with an asterisk(*), which have been checked for accuracy and consistency as stipulated in Article L.823-10 of the French Commercial Code, as has the rest of the board of directors' report.
The periodic and permanent control functions and the compliance function provide strict oversight of processes across all business activities.
The risk management department consolidates overall risk control and optimizes risk management as regards the regulatory capital allocated to each business and return on equity.

Credit risk

a - Organization of the lending unit

In accordance with applicable regulations, the lending unit is organized mainly around the two following mechanisms:
- loan origination procedures;
- risk assessment and the monitoring of commitments and management of at-risk items.

The lending unit and exposure management are organized based on a single set of guidelines that prescribes the rules and practices applicable within the group.

Loan origination procedures

Loan origination draws on know-your-customer, risk assessment and credit approval procedures.

Know-your-customer
The close ties that have been formed with the economic environment are the basis for obtaining information about existing and prospective customers. Customer segments have been defined and risk-profiled, which determines the targeting of marketing efforts. A loan file is prepared as evidence to support the credit approval process.

Risk assessment
Risk assessment draws on various analyses performed at different stages in the lending cycle including, in particular:
- customer ratings;
- risk groups;
- the weighting of products in accordance with the type of risk involved and collateral and guarantees pledged.

Employees concerned receive regular refresher training on risk supervision and oversight.

Customer ratings: a single system for the entire group
In accordance with the applicable regulations, the rating is at the heart of the group's credit risk procedures: approval, payment, pricing and monitoring. As such, all approval powers are based on the counterparty's rating. Generally speaking, the lending unit approves the internal ratings of all loan files that it handles.
Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal rating approaches.
This rating system is common to the entire Crédit Mutuel group.

... Risk management

Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests.
The group's counterparties that are eligible for internal approaches are rated by a single system.
Models (algorithms or grids) are used to differentiate and correctly classify risk. The assessment scale reflects the manner in which the risk changes and is broken down into nine non-default positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and three default positions (E-, E= and F).
Monitoring of the rating models focuses on three aspects: stability assessment, performance and additional analyses. CNCM is responsible for this monitoring, which covers each rating model.

Risk groups (counterparties)

Article 3 of CRBF regulation 93-05 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 risk groups are established based on a procedure that incorporates the provisions of the above regulation.

Product and guarantee weightings

When assessing the counterparty risk, a weighting of the nominal commitment may be applied, based on a combination of the loan type and the nature of the guarantee.

Credit approval process

The credit approval process is essentially based on:
- a formalized risk analysis of the counterparty;
- the rating applied to the counterparty or group of counterparties;
- approval levels;
- the principle of dual review;
- rules for setting maximum discretionary lending limits as a function of the lender's capital;
- remuneration adapted to the risk profile and capital consumption.

Management of the decision-making circuit is automated and is conducted in real-time: immediately upon completion of a loan application, the electronic dossier is transmitted to the decision maker at the appropriate level.

Approval levels

The customer relationship manager is responsible for ensuring the completeness, quality and reliability of the information collected. In accordance with Article 19 of CRBF regulation 97-02, he compiles loan files intended to formalize all qualitative and quantitative information on each counterparty. He checks the reliability of the information gathered either with customers or using any external means (sector studies, annual reports, legal information and rating agencies) or internal means at his disposal. Each customer relationship manager is responsible for any decisions he takes or causes to be taken and is endowed with personal approval powers.
For loan files whose amount exceeds the personal approval powers, the decision falls to a credit approval committee whose operating rules are covered by procedures.
Approval powers reflect a range of commitment caps based on:
- the rating;
- the total amount of commitments for a given counterparty or risk group, weighted where relevant depending on the type of loan concerned or the eligible guarantees;
- any specific exclusions.

Role of the lending unit

Each regional bank has a lending team that reports to the bank's executive management and is independent of the operational departments. It has two key roles and is therefore split into two independent teams, whose responsibilities are as follows:
- one team is responsible for checking that the loan origination decisions are appropriate based on the dual review principle while verifying that the expected return is commensurate with the risk taken;
- the other team is responsible for prudential oversight and credit risk assessment arrangements, and also performs permanent controls.

Risk assessment, commitment monitoring procedures and management of at-risk items

In accordance with the prevailing regulations, commitments are monitored by national and regional entities.

Risk measurement

To measure risk, CIC uses an array of tools that provide an aggregated, static and dynamic view of:
- the exposure to a given counterparty or group of counterparties;
- new and existing loans, based on elements adapted to suit the business lines concerned (rating, market, lending products, business segments, remuneration, etc.).

Each commercial entity has information systems and is therefore able to check compliance on a daily basis with the limits assigned to each of its counterparties.

Commitment monitoring

Together with other interested parties, the lending unit contributes to the quarterly, formalized monitoring of the quality of the credit risk of each business line.
The lending unit's monitoring mechanism operates, independently from the loan origination process, in addition to and in coordination with the actions taken mainly by first-level control, permanent control and the risk department. The objective 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 "major risks" limits, determined based on either the bank's capital under CRBF regulation 93-05 in the case of regulatory limits, or capital and internal counterparty ratings in the case of corporate limits, are monitored in accordance with the methods (including those covering frequency) defined in the procedures specific to this area.
Breaches and abnormal movements in accounts are monitored by using advanced risk detection tools (management of debtors/sensitive risks/automatic transfer to the out-of-court collections unit), based on both external and internal criteria, in particular ratings and account histories. These criteria are used to flag loans for special handling as early as possible. This identification is automated, systematic and exhaustive.

Permanent controls on commitments
The network permanent control function, which is independent of the lending function, performs second-level controls on credit risk. Counterparties exhibiting warning signs are reviewed, and entities with multiple negative indicators are identified. The aim of the control is to ensure that appropriate "risk" strategies are applied and suitable remedial action implemented.
This adds an additional layer of security to the credit risk management mechanism.

Management of at-risk items

A unified definition of default in accordance with Basel and accounting requirements
A unified definition of default has been adopted for the entire Crédit Mutuel group. Based on the principle of aligning prudential information with accounting information (CRC 2002-03), this is reflected in the matching of the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. Information systems take into account contagion, thereby enabling the downgrading to be extended to the related outstandings.

Identification of at-risk items
The process involves identifying all receivables to be placed on credit watch and then allocating them to the category corresponding to their situation: sensitive (not downgraded to non-performing), non-performing or in litigation.
All receivables are subject to an automated monthly identification process using internal and external indicators that have been parameterized in the information system.
Downgrading, in accordance with the prevailing regulatory criteria, is carried out automatically.

Transfer to non-performing, provisioning and reclassification as performing
Adjustments associated with the transfer to non-performing, provisioning and the reclassification as performing comply with the prevailing prudential rules and are processed automatically monthly, which ensures the process is exhaustive.

Management of customers downgraded to non-performing or in litigation
The manner in which the counterparties concerned are managed depends on the severity of the situation: at the branch by the customer relationship manager or by specific, specialized staff, by market, counterparty type or collection method.

b - Quantified data

2012 was characterized by a stagnation in customer lending and by a slight increase in net additions to/reversals from provisions for loan losses, which returned to a level close to that of 2010.

Accounting data
At December 31, 2012, customer loans, which totaled €134.8 billion, were at virtually the same level as at December 31, 2011. Medium- and long-term loans increased by 1.6% whereas short-term loans decreased by 4.8%.

Loans and receivables (excluding resale agreements)

In € millions (year-end principal balances)	2012	2011
Loans and receivables		
Credit institutions	31,949	34,771
Customers	134,865	134,313
GROSS EXPOSURE	**166,814**	**169,084**
Impairment provisions		
Credit institutions	(280)	(310)
Customers	(2,770)	(2,741)
NET EXPOSURE	**163,764**	**166,032**

Customer loans

In € millions (year-end principal balances)	2012	2011
SHORT-TERM LOANS	**26,683**	**28,033**
Current accounts - debit	5,505	4,646
Commercial loans	3,879	4,031
Treasury facilities	16,826	18,851
Export credits	473	505
MEDIUM- AND LONG-TERM LOANS	**102,858**	**101,203**
Capital asset financing	26,622	25,329
Home loans	62,294	62,023
Finance leases	8,397	8,292
Other	5,545	5,559
TOTAL GROSS CUSTOMER LOANS	**129,541**	**129,236**
Non-performing loans and loans in litigation	5,075	4,806
Accrued income	249	271
TOTAL CUSTOMER LOANS	**134,865**	**134,313**

Commitments given

In € millions (year-end principal balances)	2012	2011
Financing commitments given		
Credit institutions	893	945
Customers	23,510	25,973
Guarantee commitments given		
Credit institutions	1,274	1,080
Customers	11,580	11,550
PROVISION FOR RISKS ON COMMITMENTS GIVEN	**101**	**116**

... Risk management

Focus on home loans
Home loan outstandings remained stable in 2012 (+ 0.4%) and represented 48% of total gross customer loans. Given their nature, home loan outstandings are split amongst a very large number of customers and are backed by real estate collateral or first-rate guarantees.

In € millions (year-end principal balances)	2012	2011
Home loans	62,294	62,023
Of which with Crédit Logement guarantee	*22,404*	*22,235*
Of which with a mortgage or similar highly-rated guarantee	*33,658*	*33,416*
Of which with other guarantees [1]	*6,232*	*6,372*

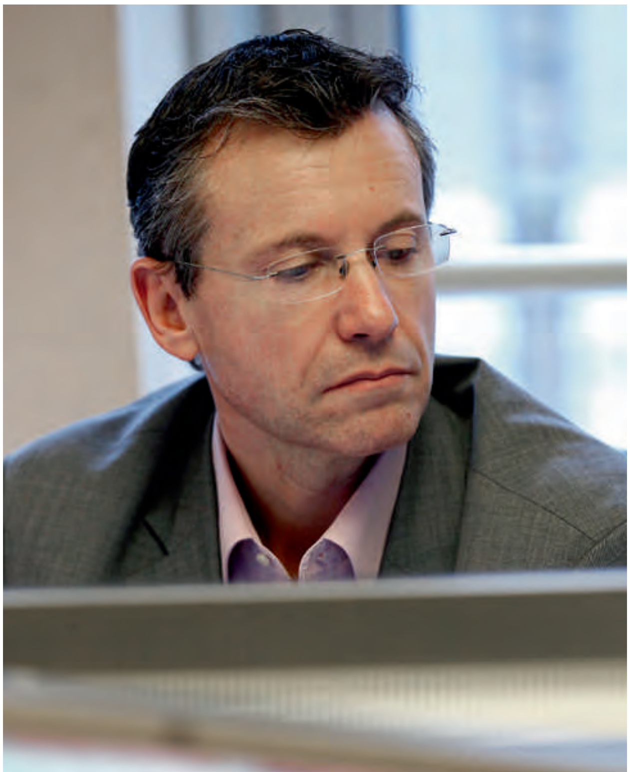
(1) Junior mortgages, pledges, etc.

Loan book quality
The loan book is of high quality: based on the group's nine internal credit ratings (excluding default ratings), customers rated in the top eight categories represent 97.4% of loans and receivables.

Breakdown of performing customer loans by internal rating

	2012	2011
A+ and A-	29.60%	28.50 %
B+ and B-	33.73%	33.70%
C+ and C-	23.54%	24.30%
D+ and D-	10.50%	11.20%
E+	2.63%	2.30%

Concentration risk/Exposure by segment
These two items are dealt with in the section entitled "Information on Basel II Pillar 3".



Major risks

Companies

In € millions	2012	2011
Commitments in excess of €300m		
Number of counterparty groups	24	29
Total commitments	13,687	16,016
Of which, on statement of financial position	*4,256*	*5,136*
Of which, off-statement of financial position (guarantee and financing commitments)	*9,431*	*10,879*
Commitments in excess of €100m		
Number of counterparty groups	89	86
Total commitments	24,103	25,167
Of which, on statement of financial position	*9,040*	*9,162*
Of which, off-statement of financial position (guarantee and financing commitments)	*15,063*	*16,004*

Banks

In € millions	2012	2011
Commitments in excess of €300m		
Number of counterparty groups	7	11
Total commitments	3,330	4,834
Of which, on statement of financial position	*2,850*	*3,751*
Of which, off-statement of financial position (guarantee and financing commitments)	*480*	*1,083*

Sovereign risks
Sovereign risks are detailed in note 7b to the consolidated financial statements.

At-risk items and net additions to/reversals from provisions for loan losses
Non-performing loans and loans in litigation totaled €5,075 million at December 31, 2012 compared with €4,806 million at December 31, 2011, an increase of 5.6%.
As at the end of December 2012, they represented 3.8% of total customer loans (3.6% at the end of the previous two years).
At December 31, 2012, actual net provisioning for known risks rose slightly to 0.20% of gross outstanding loans compared with 0.16% at December 31, 2011 (and 0.21% at December 31, 2010).

Quality of risks arising on customer loans and receivables

In € millions (year-end principal balances)	2012	2011
Individually-impaired loans and receivables	5,075	4,806
Provision for individual impairment	(2,627)	(2,612)
Provision for collective impairment	(143)	(129)
Coverage ratio	**54.60%**	**57.00%**
Coverage ratio (individual impairment provision only)	**51.70%**	**54.40%**

Analysis of unpaid installments on customer loans that were not classified as non-performing

	≤ 3 months	> 3 months ≤ 6 months	> 6 months ≤ 1 year	> 1 year	Total
2012					
Debt instruments [1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**1,968**	**17**	**10**	**16**	**2,011**
Central governments	1	0	0	0	1
Credit institutions	10	0	0	0	10
Non-financial institutions	0	0	0	0	0
Large corporates	394	1	5	11	411
Retail customers	1,563	16	5	5	1,589
Other assets	**0**	**0**	**0**	**0**	**0**
TOTAL	**1,968**	**17**	**10**	**16**	**2,011**
2011					
Debt instruments [1]	**0**	**0**	**0**	**0**	**0**
Loans and receivables	**1,547**	**24**	**0**	**2**	**1,573**
Central governments	1	0	0	0	1
Credit institutions	18	0	0	0	18
Non-financial institutions	3	0	0	0	3
Large corporates	280	2	0	2	284
Retail customers	1,245	22	0	0	1,267
Other assets	**0**	**0**	**0**	**0**	**0**
TOTAL	**1,547**	**24**	**0**	**2**	**1,573**

(1) Available-for-sale or held-to-maturity securities.

Interbank loans

Interbank loans by geographic area

	2012	2011
France	33.60%	28.00%
Europe excluding France	40.70%	41.00%
Other countries	25.70%	31.00%

The breakdown of interbank loans is based on the country of the parent company.
At the end of 2012, exposures related mainly to banks in France, the United States and Germany. The reduction in exposure to the most sensitive European banking systems continued during 2012.

Interbank loans by internal rating

Internal rating	Equivalent external rating	2012	2011
A+	AAA/AA+	0.20%	0.80%
A-	AA/AA-	37.00%	29.00%
B+	A+/A	40.40%	54.00%
B-	A-	12.30%	8.00%
C and below (excluding default ratings)	BBB+ and below	10.20%	8.20%
Not rated		-	-

The structure of CIC's interbank exposures by internal rating changed substantially in 2012.
There was a significant increase in outstandings rated A- (external equivalent AA/AA-) and B- (external equivalent A-) whilst outstandings rated B+ (external equivalent A+/A) fell.
90% of outstandings are rated in the B or A tranches (i.e. an equivalent external rating of not less than A-), compared with 91% in 2011.

... Risk management

Debt securities, derivatives and repurchase agreements

The securities portfolios relate primarily to capital markets activities and to a lesser extent to asset-liability management.

In € millions (year-end principal balances)	2012	2011
Debt securities	25,849	29,734
Government securities	*10,491*	*13,213*
Bonds	*15,358*	*16,521*
Derivatives	2,535	2,526
Repurchase agreements and securities lending	12,466	8,969
GROSS EXPOSURE	**40,850**	**41,229**
Provisions for impairment of securities	**(39)**	**(29)**
Net exposure	**40,811**	**41,200**

Asset-liability management (ALM) risk

Organization

The CM11-CIC group's asset-liability management functions, which were previously organized on a decentralized basis, are being gradually centralized.

The decision-making committees for matters concerning risk and interest rate management are as follows:

- the ALM technical committee, which manages risk in accordance with the risk limits applied within the group. The committee comprises the heads of the business lines concerned (finance department, asset-liability management, refinancing and treasury, risk) and meets at least once every quarter. The following indicators are compiled at consolidated level and by entity: static and dynamic liquidity gaps, static interest rate gaps and the sensitivity of net banking income and of net asset value;
- the ALM monitoring committee, composed of the group's senior executives, which examines changes in asset-liability management risk and approves the risk limits.

Hedging decisions are aimed at maintaining the risk indicators within the limits set for CM11-CIC as a whole and for each of its component entities. The hedges are assigned to the entities concerned, in accordance with their needs.
The various asset-liability management risk indicators are also presented each quarter to the group risk committee.
Asset-liability management:
- its key objectives are to shelter lending margins from the effects of interest and exchange rate fluctuations and to ensure that the bank has sufficient liquidity to meet its obligations and protect it from a liquidity crisis;
- does not operate as a profit center but as a function that serves the bank's profitability and its development strategy, as well as the management of liquidity risk and interest rate risk arising from the activities of the network;
- helps to define the bank's sales and marketing policy in terms of customer lending criteria and rules governing internal transfer rates, and is in constant contact with the sales teams throughout the network.

Group conventions for the management of risk and the setting of risk limits are published in a set of group guidelines for asset-liability management that are used throughout CM-CIC.

Interest rate risk management*

Interest rate risk arising on the group's commercial operations stems from interest rate differentials and differences in benchmark lending and borrowing rates. Analysis of this risk also takes into account the volatility of outstandings on products with no contractual maturity date and embedded options (early repayment and roll-over options for loans and the use of confirmed credit lines, etc.).
The management of interest rate risk arising on all operations connected with the banking network's business is analyzed and hedged overall based on the residual position in the statement of financial position using so-called macro-hedges. In addition, specific hedges may be established for customer loans involving a material amount or an unusual structure.
Risk limits are set in relation to the annual net banking income of each bank and each group. The technical committee decides on the hedges to be put in place and allocates them pro rata to the needs of each entity.
Interest rate risk is analyzed based on the main indicators below, which are updated each quarter:

1 - The static fixed-rate gap, corresponding to items in the statement of financial position, both assets and liabilities, whose cash flows are considered to be certain over a horizon of one to ten years, governed by limits from three to seven years, measured by a net banking income ratio.

2 - The static inflation gap over a horizon of one to ten years.

3 - The sensitivity of the net interest margin, calculated based on national scenarios and subject to 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.
Four scenarios are calculated:
- a 1% increase in market interest rates and a 0.33% increase in inflation (core scenario);
- a 1% increase in market interest rates and stable inflation;
- a 2% increase in market interest rates and a 0.66% increase in inflation;
- a 3% increase in short interest rates, a 1% decline in long rates and stable inflation (stress scenario).

CIC's net interest income is exposed to a decline in interest rates: -4.32% at one year (i.e. a decline of €146.5 million in absolute terms). This sensitivity has fallen compared with September 2012 (-5.30%). At two years, sensitivity to a decline in interest rates stands at -4.56% (i.e. a decline of €160.9 million in absolute terms), which is lower than it was in September 2012 (-5.21%).

Indicators based on a rise in interest rates:

Sensitivity as a % of NBI	1 year	2 years
Scenario 1	4.32%	4.56%
Scenario 2	5.63%	6.55%
Scenario 3	8.51%	9.01%
Scenario 4	11.87%	9.39%

4 - The sensitivity of net asset value that arises when using the standard calculation for the Basel II indicator (a uniform shift of 200 bp applied to the entire statement of financial position, as an increase or decrease) enables the change in the discounted value of items in the statement of financial position according to the various scenarios to be measured as a percentage of total equity.

Sensitivity of net asset value	As a percentage of total equity
Sensitivity + 200 bp	- 4.00%
Sensitivity - 200 bp	+ 7.30%

Liquidity risk management*

The liquidity risk management mechanism is operated in close conjunction with BFCM, which manages the group's long-term refinancing, and is based on the following procedures:
- compliance with the one month liquidity ratio, which is representative of the short-term liquidity situation (calculated by weighting each bank's ratios by its total assets) and which at December 31, 2012 came to between 106% and 134% depending on the group's individual entities compared with a regulatory requirement of 100%;
- establishing the static liquidity gap, based on contractual and agreed maturities and incorporating off-statement of financial position commitments; transformation ratios (sources/applications of funds) are calculated at maturities ranging from three months to seven years and are subject to target levels in order to lock in and optimize the refinancing policy;
- calculating the dynamic liquidity gap over five years, incorporating new loan production, thereby facilitating measurement of future financing needs associated with the development of commercial activity;
- reviewing the impact of a stress scenario on the static gap and on the transformation ratios, notably involving a 30% decline in sight sources of funds and an increased drawdown of confirmed credit lines;
- the ALM technical committee decides on the liquidity hedges to be put in place in light of all these indicators. These hedges are allocated pro rata to the cumulative needs.

... Risk management

Breakdown of maturities for liquidity risk

2012 In € millions	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Financial assets held for trading	1,907	1,091	2,787	1,722	4,860	3,188	5	**15,560**
Financial assets at fair value through profit or loss	5,297	2,369	2,735	7	1,803	18	20	**12,249**
Available-for-sale financial assets	331	269	748	3,039	4,990	3,545	569	**13,491**
Loans and receivables (including finance leases)	36,736	6,021	13,135	13,945	32,526	61,045	2,511	**165,919**
Held-to-maturity investments	3	2	7	0	55	0	0	**67**
Liabilities								
Central bank deposits	9	45	24	52	126	87	0	**343**
Financial liabilities held for trading	639	158	697	770	3,237	1,678	5	**7,184**
Financial liabilities at fair value through profit or loss	7,867	6,217	5,425	0	0	0	0	**19,509**
Derivatives used for hedging purposes (liabilities)	2	7	17	77	209	1,919	9	**2,240**
Financial liabilities carried at amortized cost	**77,174**	**25,573**	**21,399**	**12,403**	**32,821**	**12,158**	**4,514**	**186,042**
Of which, debt securities, including bonds	*3,131*	*4,945*	*5,293*	*773*	*2,439*	*435*	*0*	***17,016***
Of which, subordinated debt	*129*	*59*	*451*	*0*	*558*	*18*	*2,244*	***3,459***

2011	≤ 1 month (a)	> 1 month ≤ 3 months	> 3 months ≤ 1 year	> 1 year ≤ 2 years	> 2 years ≤ 5 years	> 5 years	No fixed maturity (b)	Total
Assets								
Financial assets held for trading	469	288	2,227	4,270	4,678	3,224	460	**15,616**
Financial assets at fair value through profit or loss	5,266	1,021	814	1	1,885	0	36	**9,023**
Available-for-sale financial assets	308	164	1,886	1,843	6,800	5,869	699	**17,569**
Loans and receivables (including finance leases)	39,637	6,204	12,242	13,869	32,966	60,953	2,035	**167,906**
Held-to-maturity investments	7	2	3	10	15	41	0	**78**
Liabilities								
Central bank deposits	16	13	67	47	95	44	0	**282**
Financial liabilities held for trading	578	126	926	837	2,589	1,499	0	**6,555**
Financial liabilities at fair value through profit or loss	10,036	6,389	6,163	0	0	0	0	**22,588**
Derivatives used for hedging purposes (liabilities)	2	3	119	314	738	1,278	0	**2,454**
Financial liabilities carried at amortized cost	**83,602**	**29,745**	**15,781**	**11,532**	**30,935**	**11,183**	**4,027**	**186,805**
Of which, debt securities, including bonds	*3,951*	*4,439*	*1,563*	*515*	*1,672*	*1,351*	*0*	***13,491***
Of which, subordinated debt	*1*	*63*	*0*	*640*	*563*	*22*	*2,243*	***3,532***

(a) Including accrued interest and securities given/received under repurchase and reverse repurchase agreements.
(b) Including undated debt securities, equities, non-performing loans and loans in litigation, and impairment losses. For marked-to-market financial instruments, also includes differences between fair value and redemption value.

Currency risk

The foreign currency positions of each CIC entity are automatically centralized by the holding company and by BFCM. This centralization is performed daily for commercial transfers and for cash flows, both inflows and outflows, denominated in foreign currencies.
Any unrealized foreign currency gains and losses are translated into euros at the end of each month and the resulting foreign currency position is also centralized by the holding company.
As such, with the exception of certain long-term foreign currency private equity transactions, no group entity bears any currency risk at its own level. The holding company is responsible for clearing foreign currency positions daily and monthly via the market.
Only the activities of CM-CIC Marchés benefit from foreign currency position management at their level.
The structural foreign currency positions arising from foreign currency advances made to foreign branches are not hedged. The foreign exchange gain or loss is recognized in the asset or liability translation accounts and therefore does not pass through the income statement.
The profits or losses of the foreign branches are retained in the branches and thus form part of the structural foreign currency position.

Equity risk

CIC has exposure to various types of equity risks.

Assets measured at fair value through profit or loss
Equities held in the trading portfolio amounted to €317 million at December 31, 2012 compared with €473 million at December 31, 2011 and solely concerned CIC's capital markets business (see note 5b to the consolidated financial statements).
Equities accounted for using the fair value option through profit or loss related mainly to the private equity business and amounted to €1,870 million (see note 5a to the consolidated financial statements).

Available-for-sale financial assets
Equities classified as available-for-sale and various equity investments amounted to €156 million and €460 million respectively (see note 7 to the consolidated financial statements).
Long-term investments mainly comprised:
a) investments in non-consolidated companies totaling €126 million, including Foncières des Régions (€57 million);
b) other long-term securities totaling €131 million.
Net reversals of impairment losses recognized in the income statement totaled €332 million in 2012 including €343 million related to disposals of securities (the corresponding figure for 2011 was a net impairment charge of €110 million).
At December 31, 2012, the purchase cost of impaired equities totaled €131 million with a corresponding impairment of €81 million. Their market value came to €50 million.

Private equity
CIC's private equity business comprises dedicated private equity entities whose portfolios are all accounted for under the fair value option.
The portfolios comprise around 500 investment lines, relating mainly to small- and medium-sized enterprises.

Risks arising on the private equity business

Assets invested	2012	2011
Number of listed investment lines	33	38
Number of unlisted investment lines	416	567
Number of funds	48	39
Proprietary portfolio (€ millions)	1,771	1,784
Funds managed on behalf of third parties (€ millions)	676	725

Market risk

General structure

CM-CIC Marchés combines all the capital markets activities of BFCM and CIC in France and those of the branches in Frankfurt (BFCM), London, New York and Singapore (CIC). They are organized around three business lines: refinancing (transactions which are mainly recognized on BFCM's statement of financial position), commercial, and fixed-income-equity-loan investment ("ITAC") (recognized on CIC's statement of financial position).

Refinancing
A dedicated treasury management team is responsible for refinancing all the activities of the CM11-CIC group. It seeks to diversify its investor base in Paris, Frankfurt and London and its refinancing tools, including Crédit Mutuel-CIC HL SFH.
The products concerned consist mainly of monetary instruments or bonds and futures used to hedge interest rates and exchange rates.
In addition to the pure refinancing positions, this business also has a portfolio of securities classified as available-for-sale: the main reason for holding them is to provide the bank with a portfolio of securities it can liquidate in the event of a liquidity crisis.

Commercial
The sales teams working out of Paris or within the regional banks use a wide range of standardized tools and products. The aims of the dedicated technical desk responsible for designing, match funding and reversing positions ("CAR") are to optimize prices, preserve commercial margins and reverse positions on exchange rate and interest rate instruments.
The business also involves the sale of investment products such as Libre Arbitre or Stork (resulting directly from the expertise of the fixed-income-equity-loan (ITAC) business line), which is aimed at institutional, corporate and retail customers of CM-CIC's various networks.

Fixed-income-equity-loan investment (Investissement taux-actions-crédits – ITAC)
This business line is organized around desks specialized in investment transactions involving equities/hybrid instruments, credit spreads and fixed income. These activities involve mainly purchases and sales of financial securities acquired with the intention of holding them for the long term, as well as trading in related financial instruments. These activities are called upon to create value in a disciplined risk environment, to drive commercial development and to provide expertise or services to other group entities.

... Risk management

Internal control structures

In 2012, the internal control function continued to improve its organization and monitoring methodologies. It continued to refine its procedures to take into account a unified system of limits incorporating the market activities of the branches and to present the CRD3 regulatory changes, in particular stressed VaR and IRC as well as risk measurement in VaR/stress-tests, as part of the "market risk internal model" project, and regulatory risk measurement (CAD and European Capital Adequacy under Basel II.5 standards).
The French Prudential Supervisory Authority *(Autorité de contrôle prudentiel – ACP)* carried out a general review of the fixed-income-equity-loan business line, following which it issued a number of recommendations, implementation of which is at an advanced stage.
A set of methodologies is formalized in a "body of rules". Regular updates throughout the year have included new products and improved the monitoring of risk measurement. A comprehensive, formal validation is carried out at least once a year.
CIC's capital markets activities are organized as follows:

- they are under the responsibility of a member of general management;
- the front-office units that execute transactions are segregated from those responsible for the monitoring of risks and results (control function) and from those in charge of transaction validation, settlement and recording (back-office function);
- internal control teams operate under the responsibility of the group's risk division, which compiles management reports summarizing risk exposures. The level of capital allocated/consumed is validated by BFCM's and CIC's boards of directors;
- the permanent controls system is based on first-level controls performed by three control teams:
  - the risks and results team validates production, monitors results on a daily basis and ensures compliance with limits,
  - a team in charge of accounting and regulatory issues is responsible for reconciling accounting and economic results, for providing oversight on regulatory matters, and the control of operational risks,
  - a CM-CIC Marchés team covering legal compliance is responsible for first-level legal issues;
- second-level controls organized around:
  - capital markets businesses' permanent controls, which reports to the permanent control department, supervises first-level permanent controls carried out by CM-CIC Marchés and conducts its own direct controls on activities,
  - CIC's lending department, which monitors at-risk outstandings for each counterparty group,
  - CIC's legal and tax department, which works with the CM-CIC Marchés legal team,
  - CIC's finance department, which supervises accounting procedures and templates and is responsible for accounting and regulatory controls;
- the CM11-CIC group's periodic controls team, which intervenes with specialist auditors to carry out periodic controls and compliance checks in respect of capital markets activities.

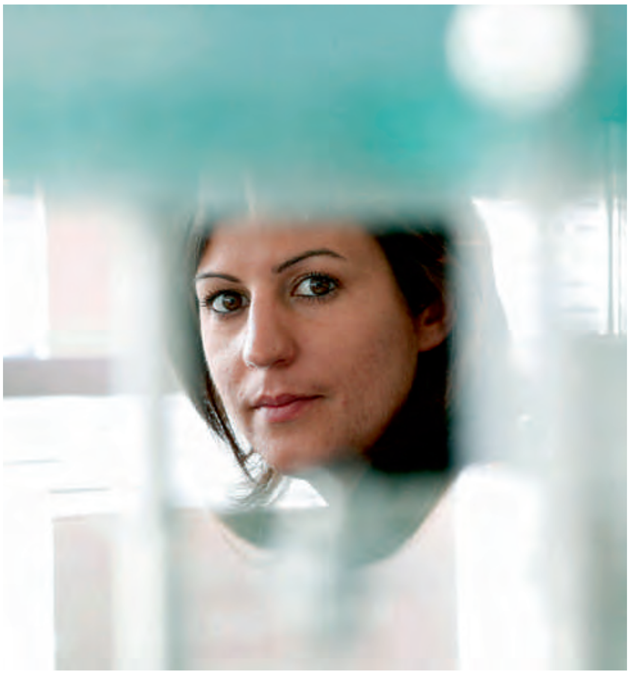
A market risk committee that meets monthly is responsible for monitoring the strategy, results and risks of CM-CIC Marchés (in France and in the branches) in relation to the limits prescribed by CIC's and BFCM's boards of directors.
Chaired by the member of general management responsible for CM-CIC Marchés, it comprises the chief operating officer of CIC and of BFCM, the front office, post-market, back office, accounting and regulatory control and risks and results managers, and the manager of the risk department and the group permanent control department. It validates the operational limits established in connection with the general limits set by CIC's and BFCM's boards of directors, which are regularly informed of the risks and results of these activities.
The market risk committee is also the body that validates the major policies of the "market risk internal model".

Risk management

The system used to set exposure limits for market risk is based on:

- an overall limit for regulatory capital (CAD/European capital adequacy), broken down by desk, and for VaR;
- internal rules and scenarios (CAD risks, historical VaR and stress tests), which convert exposures into potential losses.

The limits set are intended to cover the various types of market risk (interest rate, currency, equity and counterparty risks).
The aggregate limit is broken down into sub-limits for each type of risk and for each activity.
The group's risk division is responsible for monitoring and managing breaches of the overall limit and/or the limit allocated to each business line.
Risks are monitored based on first-tier indicators such as sensitivity to various market risk factors (mainly for traders), and second-tier indicators such as potential losses, to provide an accessible overview of capital markets exposures for decision-makers.



Following a significant decrease since 2009, in 2012, regulatory capital allocated to the fixed-income-equity-loan investments and commercial business lines in metropolitan France remained stable as compared with 2011. VaR was €8.8 million at the end of 2012.
The capital consumed by the RMBS business conducted in the New York branch continued to fall in line with the amortization of the portfolio securities managed on a run-off basis. Trading activities are maintained within reduced limits under the supervision of CM-CIC Marchés.
CM-CIC Marchés' overnight treasury position must not exceed a certain limit with an intermediate warning limit, the two limits being set by the department and approved by CIC's and BFCM's boards of directors. The refinancing period for portfolio assets is also subject to monitoring and limits.
The principal trading desk risks are as follows:

1 - hybrid instruments: capital consumption, which was stable throughout the year, averaged €68 million during the year and totaled €66 million at December 31, 2012. On the same date, convertible bond holdings stood at €2.1 billion (compared with €2.5 billion one year earlier).

2 - credit: these positions correspond to either securities/CDS (credit default swap) arbitrages or to credit correlation positions (ItraXX/CDX tranches) or ABS (asset-backed securities). On the credit arbitrage portfolio, the capital consumed averaged around €28 million and ended the year at €23.8 million following the liquidation of CDS/ItraXX.
On the ABS portfolio, the capital consumed hovered around €97 million during the year and ended the year at €107 million. The risks associated with the downgrades of Spain and Ireland had little impact on the positions of the portfolios in peripheral countries due to prudent risk management and a reduction in positions in these countries throughout the year. As regards the credit correlation business, exclusively based on ItraXX/CDX tranches, capital consumed started the year at €10.7 million before falling in February due to the liquidation of tranches and remained at €7 million for the rest of the year.

3 - M&A and miscellaneous equities: capital consumed totaled €40 million on average in 2012, to end the year at €20.6 million. This fall followed the trend in outstandings and the removal of corporate actions from M&A. Outstandings in respect of this activity therefore totaled €166 million in December 2012 compared with €256 million at the end of 2011.

4 - fixed income: positions relate to directional or yield-curve arbitrage strategies, typically with an underlying of mainly European government securities. The insignificant positions on Greece were closed out during the first quarter. The positions on the peripheral states are very limited. As regards Italy, the position has been reduced by 35% to around €2 billion, most of which matures in 2014. The total holding of government securities was €5.8 billion at the end of 2012 compared with €8.8 billion in 2011, including French government securities totaling €3.1 billion.

The limits in respect of these activities were revised downwards on January 1, 2013.

Credit derivatives

These products are used by CM-CIC Marchés and are recognized in its trading portfolio.
Trading desks are subject to exposure limits by issuer or counterparty for all types of products. Outstanding amounts are monitored on a daily basis and exposure limits are reviewed periodically by the lending committees and capital markets risk committees.

Operational risk*

In the context of the Basel II capital adequacy regulations, the CM-CIC group has implemented a comprehensive operational risk management system under the responsibility of senior management bodies. Group-wide guidelines describe the risks concerned and the quantitative evaluation methods to be used.
The group has an overall operational risk management function that is clearly identified and split in practice between a national function and regional functions. It covers operational risk, disaster recovery plans and insurance taken out to cover these risks.
The system in place for measuring and monitoring operational risk is based on a common platform applied throughout the Crédit Mutuel-CIC group using an approach for identifying and modeling risks, whose aim is to calculate the level of capital required to be held in respect of operational risks.
Crédit Mutuel-CIC was authorized to use its advanced measurement approach to calculate its capital adequacy requirements in respect of operational risk, with the exception of the deduction of expected losses from its capital adequacy requirement:

- from January 1, 2010, for the consolidated group excluding the foreign subsidiaries, the Cofidis group and CM-CIC Factor;
- CM-CIC Factor was also authorized to use this approach as from January 1, 2012.

Main objectives

The operational risk management policy set up by the group is designed:

- to contribute to the group's effective management by controlling risks and the associated costs;
- from a human perspective, to protect staff, develop responsibility, autonomy and control, and leverage skills group-wide;
- from an economic standpoint, to protect margins by tightly managing risk across all activities, ensure returns on the investments made to achieve compliance with regulatory requirements, optimize capital allocated in respect of risk and adapt insurance policies to the risks identified;
- from a regulatory standpoint, to respond effectively to Basel II capital requirements and supervisory authorities' requests, develop a reliable system of internal control (CRBF 97-02), optimize disaster recovery plans for mission-critical operations and adapt financial reporting (Third Pillar of Basel II).

... Risk management

Role and position of the management function

The national operational risk management function coordinates and consolidates the entire procedure through deploying a dedicated team and also assists the operational risk managers in the regional groups.
The regional operational risk management function implements the risk management procedure and verifies that it is consistent with the national risk management policy.

Measurement and control procedures

For modeling purposes, the group relies mainly on the national database of internal losses, on an external database and on scenarios developed within the context of mappings and statistical work, performed in accordance with common procedures and regulatory requirements.
Homogenous risk maps broken down by business line and by risk type and objects have been drawn up for all activities, with probability-based models culled from the work of outside experts. These are validated by the operational risk technical committee. Capital adequacy requirements are calculated at national level and are then split at regional level.
Operational risk mitigation techniques include:
- preventative actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of disaster recovery plans, logistics and IT solutions for all mission-critical operations in order to limit the seriousness of any incident in the event of a crisis.

A consistent group-wide crisis management process, linked to the system for interbank operations, covers crisis communication and the three phases of disaster recovery plans: emergency, business continuity and back-on-track plans.

Reporting and general oversight

Application of the operational risk management policy and risk profile is monitored using key indicators, thresholds and warnings covering the assessment of potential risks, changes in loss experience and the effectiveness of risk-reduction and financing measures. The group's executive and governance bodies are regularly provided with information on this risk data, including the requirements of CRBF 97-02.

Documentation and procedures

The group consistently applies a set of procedures that are approved by the managing bodies and are regularly updated, covering:
- governance: procedures dealing with the roles and responsibilities of the various managing, decision-making and supervisory bodies, and of the national function, the frequency and recipients of reports, the scope for the monitoring of group entities, and the methodology for the integration of subsidiaries;
- the collection of incident information: procedures laying down the rules for collecting information and controlling internal losses;
- the measurement system: procedures concerning, in particular, modeling that is probability based and drawn from the work of experts, the rules for gathering Key Risk Indicators (KRI), the basis for the allocation of capital adequacy requirements and COREP reports.

Disaster recovery plans

Disaster recovery plans are part of the back-up measures put in place by the group to limit any losses resulting from operational risk.
Disaster recovery plan guidelines, which have been drawn up by Crédit Mutuel-CIC, may be consulted by all teams concerned and are applied at the level of the regional groups.
Plans are classified into two categories:
- business-specific disaster recovery plans relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II;
- cross-functional disaster recovery plans relate to activities that constitute operational support services (logistics, HR and IT issues).

Plans can be split into three components:
- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming activities under adverse conditions in accordance with predefined procedures;
- back-on-track plan: this is prepared shortly after the business continuity plan kicks in.

Crisis management and its organization

Crisis management procedures at the level of the group and the regions cover the most efficient organization and communications systems for handling these three phases: emergency, business continuity and back-on-track plans.
These procedures are based on:
- a crisis committee, chaired by the CEO of the bank at regional level or by the group CEO at national level, that takes the key decisions, prioritizes action plans and handles the internal and external reporting of events;
- a crisis unit that pools information, implements the decisions and provides follow-up;
- a crisis liaison team for each business line, responsible for coordinating operations on the ground together with the crisis unit. The main focus of the team's work is putting in place a disaster recovery plan until business gets back to normal.

Insurance deducted from equity

The French Prudential Supervisory Authority *(Autorité de contrôle prudentiel – ACP)* has authorized Crédit Mutuel-CIC to take into account insurance as a factor to reduce its capital requirements in respect of operational risk under the advanced measurement approach with effect from the June 30, 2012 closing.
The principles applied to the financing of operational risks within the group depend on the frequency and severity of each potential risk, and consist of:
- taking out insurance for high frequency, low severity risks, or ensuring such risks are financed by withholding amounts on the operating account;
- taking out insurance for insurable serious or major risks;
- developing self-insurance for losses below insurers' excess levels;
- allocating regulatory capital reserves or provisions financed by underlying assets for serious risks that cannot be insured.

Crédit Mutuel-CIC's insurance programs comply with the provisions governed by Articles 371-1 to 3 of the decree dated February 20, 2007 concerning the deduction of insurance under the advanced method approach (AMA).
The insurance cover used in the deduction process includes damage to real and personal property (multi-risk), fraud (specific banking risks) and professional third-party liability.

Training

Each year, the group provides operational risk training for the network managers, internal controllers and operations staff responsible for monitoring these risks.

CIC's operational risk loss experience in 2012

The total amounted to €32.8 million in 2012, including €32 million of actual losses and €0.8 million of net provisions.
This total is analyzed as follows:
- fraud: €12.5 million;
- industrial relations: €3.7million;
- human/procedural error: €7.2 million;
- legal issues: €7.6 million;
- natural disasters and systems malfunctions: €1.8 million.

Other risks

Legal risks

Legal risks are incorporated into operational risks and concern, amongst other things, exposure to fines, penalties and damages for faults by the business in respect of its operations.

Industrial and environmental risks

Industrial and environmental risks are incorporated into operational risks and are analyzed from the perspective of systems malfunctions and the occurrence of natural disasters (100-year events, floods, earthquakes, pollution, etc.), their impact on the business and the means of prevention and protection to be put in place, notably crisis management and disaster recovery plans.

Information on Basel II Pillar 3

Information published in accordance with the transparency requirements of the Order of February 20, 2007 regarding capital requirements.

Information on capital adequacy risks

Risk management

Risk management policies and procedures implemented

The risk management policy and the procedures implemented are detailed in the section entitled "Risk management".

Structure and organization of the risk management function

Within the group, the three bodies responsible for measuring, monitoring and controlling risks are the risk department, the risk committee and the risk monitoring committee.
The group's risk monitoring procedures comply with the provisions of the Order of January 19, 2010, which amended regulation 97-02 of the French Banking and Financial Regulation Committee *(Comité de la Réglementation Bancaire et Financière – CRBF)* on the risk management function, whose mission it defines.

Group risk department

The mission of the group risk department, which regularly analyzes and reviews all types of risks with an eye towards the return on allocated regulatory capital, is to contribute to the group's growth and profitability whilst ensuring the quality of the risk management procedures.

Group risk committee

This committee meets quarterly and includes the operational risk managers, the heads of the business lines and functions involved and general management. The head of the risk department draws up the agenda and management reports, details the main risks and any changes thereto and chairs meetings. This committee is responsible for overall ex post and ex ante risk monitoring.

Group risk monitoring committee

This committee consists of members of the deliberative bodies and meets twice a year to review the group's strategic challenges in the risk area. Based on the findings presented, it makes recommendations on all decisions of a prudential nature applicable to all entities.
The head of the risk department chairs the meetings of this committee and presents the files prepared for the various risk areas based on the work of the group risk committee. General 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.

Scope and nature of risk reporting and measurement systems

In collaboration with the various business lines, the CM11-CIC risk department regularly produces summary management reports which review the various risks: credit, market, overall interest rate, intermediation, settlement, liquidity and operational risks. All the group's main business lines are subject to monitoring and reporting. These management reports are based mainly on the Basel II tools common to the entire group and interfaced with the accounting systems.

Composition of the capital

Regulatory capital is determined in accordance with CRBF regulation no. 90-02 of February 23, 1990.
It is split into Tier 1 and Tier 2 capital, from which certain amounts are deducted.
It is determined on the basis of the consolidated equity as per the financial statements, to which "prudential filters" are applied.

These adjustments involve mainly:
- anticipating dividend payments;
- deducting goodwill and other intangible assets;
- deducting unrealized gains on equity instruments, net of the tax already deducted for accounting purposes (currency by currency) and the transfer, currency by currency, of 45% of said unrealized gains before tax to Tier 2 capital;
- adjustments are not made in respect of net unrealized losses;
- eliminating unrealized gains and losses recognized for accounting purposes directly in equity due to a cash flow hedge and those relating to other financial instruments, including debt instruments.

Hybrid securities are eligible, subject to a maximum amount, for inclusion in Tier 1 capital, following the agreement of the General Secretariat of the French Prudential Supervisory Authority *(Autorité de Contrôle Prudentiel - ACP)*, provided they meet the eligibility criteria stipulated in regulation no. 90-02 as amended by the Order of August 25, 2010. The securities concerned are super-subordinated securities issued in accordance with the provisions of Article L.228-97 of the French Commercial Code. There are limits on the percentage of Tier 1 capital that may consist of hybrid instruments: innovative hybrid instruments, i.e. those with strong incentives to redeem such as step-ups, may constitute only 15% of Tier 1 capital and hybrid instruments as a whole may constitute only 35% of Tier 1 capital.

Tier 2 capital consists of:
- capital arising from the issue of subordinated securities or debt which comply with the provisions of Article 4c of regulation 90-02 relating to capital (perpetual subordinated securities) or of Article 4d of said regulation (redeemable subordinated securities);
- in the case of equity instruments, 45% of unrealized capital gains transferred currency by currency before tax are recognized as Tier 2 capital;
- the positive difference between the expected losses calculated using the internal ratings-based approaches and the total of the value adjustments and collective impairment losses in respect of the exposures concerned.

In the case of the following deductions, 50% of their amount is deducted from Tier 1 capital and 50% from Tier 2 capital. These deductions include, in particular, those elements covered by Articles 6 and 6 quater of regulation 90-02 relating to capital, in particular investments in non-consolidated companies representing more than 10% of the capital of a credit institution or investment firm, as well as subordinated debt and all other elements making up the equity.

They also include expected losses on equity exposures as well as expected losses on outstanding loans not covered by provisions and value adjustments, dealt with in accordance with the internal ratings-based approach.

The transitional method specified by Article 6 of CRBF regulation no. 90-02 concerning the treatment of investments in insurance companies is applied: until December 31, 2012, institutions may deduct from their capital the consolidated value of insurance company securities held, if they were acquired before January 1, 2007.

(in € millions)	2012	2011
Tier 1 capital, net of deductions	**10,782**	**10,838**
Capital	1,696	1,696
Eligible reserves	8,840	8,642
Hybrid securities retained with the ACP's agreement	2,000	2,000
Deductions from Tier 1 capital including, in particular, intangible assets	(263)	(289)
Deductions from Tier 1 capital (50%)	(1,491)	(1,211)
Tier 2 capital, net of deductions	**774**	**1,084**
Subordinated securities and other elements in Tier 2	774	1,084
Deductions from Tier 2 capital (50%)		
Deductions from Tier 1 and Tier 2 capital	**(2,265)**	**(2,295)**
Total capital for capital adequacy ratio calculation	**10,782**	**10,838**
Risk-weighted assets in respect of credit risk	79,146	87,826
Risk-weighted assets in respect of market risk	3,205	4,237
Risk-weighted assets in respect of operational risk	6,694	7,051
Additional requirements in respect of floor levels (transitional measures)		1,182
Total risk-weighted assets	**89,045**	**100,296**
Capital adequacy ratio Total ratio	**12.1%**	**10.8%**

Hybrid securities issued by CIC

	Issue date	Issue amount	Currency	Rate
Super-subordinated securities	06.30.06	€400 million	EUR	6-month Euribor + 167 basis points
Innovative super-subordinated securities	06.30.06	€1,100 million	EUR	6-month Euribor + 107 basis points (*)
Super-subordinated securities	12.30.08	€500 million	EUR	3-month Euribor + 665 basis points

(*) Will change from 107 basis points to 207 basis points after ten years.

... Information on Basel II Pillar 3

Capital adequacy

Pillar 2 of the Basel accord requires banks to carry out their own assessment of their economic capital and to use stress scenarios to assess their capital requirements in the event of an economic downturn. The effect of this pillar is to structure the dialogue between the bank and the ACP on the adequacy of the institution's capital.
The work carried out by the group to bring it into compliance with the requirements of Pillar 2 is in line with improvements being made to the credit risk measuring and monitoring procedures.
During 2008, the group introduced its internal capital assessment process in accordance with the Internal Capital Adequacy Assessment Process (ICAAP). The methods for measuring economic need have been broadened and, at the same time, management and control procedures have been drafted with the aim of defining the group's risk policy and various stress scenarios have been developed.
The difference between economic capital and regulatory capital constitutes the margin which enables the level of the group's capital to be secured. This margin depends on the group's risk profile and its degree of risk aversion.

(In € millions)	2012	2011
CAPITAL REQUIREMENTS IN RESPECT OF CREDIT RISK	**6,332**	**7,026**
Standardized approach		
Central governments and central banks	6	7
Credit institutions	85	87
Corporates	495	4,463
Retail customers	268	284
Equities	38	51
Securitization positions under the standardized approach	23	25
Other assets not corresponding to credit obligations	22	40
Internal ratings-based approach		
Credit institutions	296	253
Corporates	3,295	
Retail customers		
- Small and medium-sized entities	314	330
- Renewable exposures	19	15
- Real estate loans	425	407
- Other exposures to retail customers	158	181
Equities		
- Private equity (190% weighting)	235	224
- Listed equities (290% weighting)	19	58
- Other equities (370% weighting)	336	309
Other assets not corresponding to credit obligations	245	216
Securitization positions	54	76
CAPITAL REQUIREMENTS IN RESPECT OF MARKET RISK	**256**	**339**
Interest rate risk	171	243
Commodity risk	0	
Equity price risk	64	83
Currency risk	21	13
CAPITAL REQUIREMENTS IN RESPECT OF OPERATIONAL RISK	**535**	**564**
TOTAL CAPITAL REQUIREMENTS	**7,124**	**7,929**

Concentration risk

Exposures by category

Although historically most of CIC's business has been in the corporate sector, it is gradually increasing its presence in the retail segment. It nevertheless retains a presence in the corporate sector.
The composition of the CIC group's portfolio reflects these fundamentals, with retail customers continuing to represent 41% at December 31, 2012.

Exposure category (in € millions)	2012 IRBA	2012 Standardized	2012 Total	2011 IRBA	2011 Standardized	2011 Total	Average exposure 2012
Central governments and central banks		31.5	31.5		25.6	25.6	29.4
Credit institutions	20.8	8.9	29.7	31.1	8.1	39.2	35.8
Corporates	71.8	7.5	79.3		73.8	73.8	72.5
Retail customers	91.8	6.6	98.5	92.3	6.2	98.5	98.1
Equities	2.8	0.3	3.1	2.8	0.4	3.2	3.2
Securitization	2.7	0.3	3.0	3.8	0.5	4.3	3.3
Other assets not corresponding to credit obligations	3.0	0.3	3.3	2.7	0.5	3.2	3.0
TOTAL	**192.9**	**55.4**	**248.3**	**132.7**	**115.1**	**247.8**	**245.2**

The group has focused on the most advanced forms of the Basel II accord, beginning with its core business, retail banking.
The ACP has authorized it to use its internal ratings system to calculate its capital adequacy requirements in respect of credit risk:

- using the advanced method, as from June 30, 2008, for the retail customer portfolio;
- using the foundation method, as from December 31, 2008, then the advanced method, as from December 31, 2012, for the bank portfolio;
- using the advanced method, as from December 31, 2012, for the corporate portfolio.

In the case of the regulatory credit institution, corporate and retail customer portfolios, the group was authorized to use advanced internal methods in respect of 89% of the exposures at December 31, 2012.
In agreement with the ACP's General Secretariat, the group uses, and will continue to use, the standardized method to measure the capital adequacy requirements of the central governments and central banks portfolio. The standardized method was applied in the case of CM-CIC Factor's foreign subsidiaries at December 31, 2012.

	2012 IRBA	2012 Standardized	2011 IRBA	2011 Standardized
IRB gross exposures/Total gross exposures	78%	22%	54%	46%

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Exposures by counterparty's country of residence

2012 exposure category	France	Germany	Other EEA member states*	Rest of the world	Total
Central governments and central banks	8.8%	0.1%	1.9%	3.1%	13.9%
Credit institutions	9.2%	0.2%	0.8%	1.3%	11.5%
Corporates	24.1%	0.7%	3.1%	3.2%	31.1%
Retail customers	40.7%	0.1%	0.9%	1.8%	43.5%
TOTAL	**82.8%**	**1.1%**	**6.7%**	**9.4%**	**100.0%**
2011 exposure category					
Central governments and central banks	6.9%	0.2%	2.7%	1.4%	11.2%
Credit institutions	12.1%	0.2%	1.1%	1.3%	14.7%
Corporates	24.1%	0.8%	3.1%	3.3%	31.3%
Retail customers	40.1%	0.1%	0.8%	1.8%	42.8%
TOTAL	**83.2%**	**1.3%**	**7.7%**	**7.8%**	**100.0%**

* Member states according to Basel II.

CIC operates mainly in France and the rest of Europe. The geographic breakdown of gross exposures at December 31, 2012 reflects this as 90.7% of its commitments are in the European Economic Area.

Exposures by sector

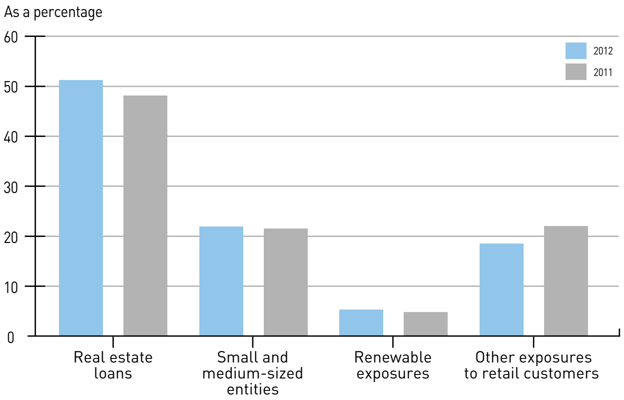
The scope for the breakdown by business sector consists of central governments and central banks, credit institutions, corporates and retail customers.

Exposure categories	2012	2011
Public administrations	14%	11%
Farming	1%	1%
Food and beverage	2%	2%
Other financial activities	3%	3%
Banks and financial institutions	12%	16%
Building and construction materials	4%	4%
Industrial goods and services	4%	3%
Distribution	4%	5%
Miscellaneous	2%	3%
Unincorporated businesses	3%	3%
Holding companies and conglomerates	3%	4%
Real estate	3%	3%
Automotive industry	1%	1%
Media	1%	0%
Retail	32%	32%
Oil and gas and commodities	2%	2%
Household products	1%	1%
Health	1%	1%
Utilities	1%	1%
Advanced technology	2%	1%
Industrial transportation	2%	2%
Travel and leisure	1%	1%
TOTAL	**100%**	**100%**

Breakdown of retail customer portfolio

Outstanding loans to retail customers totaled €98.5 billion at both December 31, 2011 and December 31, 2012. The following chart provides a breakdown of this portfolio by regulatory sub-category.

Breakdown of retail customer portfolio



Standardized approach

The group uses the rating agencies' assessments to measure sovereign risk on exposures linked to central governments and central banks. The cross-reference table used to link the credit quality steps to the external ratings taken into consideration is that defined in the regulations.

Exposures under the standardized approach

Exposures to central governments and central banks are almost exclusively weighted at 0%. The capital requirements associated with this portfolio are evidence that the group's sovereign risk is limited to high-quality counterparties.

2012 (in € billions)	Weightings at:								
	0%	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Total**
Gross exposures									
Central governments and central banks	31.0		0.0		0.4		0.0	0.0	**31.4**
Local and regional authorities	0.0		0.8				0.0	0.0	**0.8**
Credit institutions	4.6	0.4	2.7		0.2		0.2	0.0	**8.1**
Corporates			0.4	0.0	0.3		6.4	0.3	**7.4**
Retail customers			0.0	3.2	0.0	2.9	0.4	0.1	**6.6**
Value exposed to risk									
Central governments and central banks	30.9		0.0		0.3		0.0	0.0	**31.2**
Local and regional authorities	0.0		0.8		0.0		0.0	0.0	**0.8**
Credit institutions	4.6	0.4	2.6		0.2		0.2	0.0	**8.0**
Corporates	0.0		0.4	0.0	0.3	0.0	5.5	0.3	**6.5**
Retail customers			0.0	3.2	0.0	2.4	0.3	0.1	**6.0**

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2011									
Gross exposures									
Central governments and central banks	25.0		0.1		0.4		0.1	0.0	**25.6**
Local and regional authorities	0.0		0.2		0.0		0.0	0.0	**0.2**
Credit institutions	3.2	0.5	3.8		0.3		0.1	0.1	**8.0**
Corporates	0.0		0.7	0.1	3.4	0.0	68.1	1.6	**73.9**
Retail customers			0.0	2.6	0.0	2.8	0.7	0.1	**6.2**
Value exposed to risk									
Central governments and central banks	24.6		0.1		0.2		0.1	0.0	**25.0**
Local and regional authorities	0.0		0.2		0.0		0.0	0.0	**0.2**
Credit institutions	3.2	0.5	3.5		0.3		0.1	0.1	**7.7**
Corporates	0.0		0.6	0.0	3.2	0.0	53.0	1.4	**58.2**
Retail customers			0.0	2.5	0.0	2.7	0.6	0.1	**5.9**

Rating system

Description and control of rating system

A single rating system for the entire Crédit Mutuel-CIC group
Rating algorithms and expert models have been developed to improve the group's credit risk assessment and to comply with the regulatory requirements concerning internal ratings-based approaches. This system is used by the entire Crédit Mutuel group.
Confédération Nationale du Crédit Mutuel (CNCM) is responsible for defining the rating methodologies for all portfolios. Nevertheless, the regional entities are directly involved in carrying out and approving working parties' assignments on specific subjects and the work related to data quality and applications acceptance tests. The counterparty rating system is common to the entire group.
The group's counterparties eligible for internal approaches are rated by a single system which is based on:

- **statistical algorithms or "mass ratings"** reliant on one or more models based on a selection of variables that are representative and predictive of risk for the following segments:
  - individuals,
  - retail legal entities,
  - non-trading real estate companies,
  - individual entrepreneurs,
  - farmers,
  - not-for-profit organizations,
  - corporates,
  - financing of corporate acquisitions;
- **rating grids drawn up by experts** for the following segments:
  - banks and covered bonds,
  - large corporates,
  - financing of large corporate acquisitions,
  - real estate,
  - insurance.

These models (algorithms or grids) are used to differentiate and correctly classify risk. The scale reflects the manner in which the risk changes and is broken down into 11 positions including nine performing positions (A+, A-, B+, B-, C+, C-, D+, D- and E+) and two default positions (E- and F).

A unified definition of default in accordance with Basel and accounting requirements
A unified definition of default has been adopted throughout Crédit Mutuel-CIC. Based on the principle of aligning prudential information with accounting information (CRC 2002-03), this is reflected in the matching of the Basel concept of loans in default and the accounting concept of non-performing loans and loans in litigation. Information systems take into account contagion, thereby enabling the downgrading to be extended to the related outstandings.
The controls carried out by internal audit and by the statutory auditors ensure the reliability of the procedures for identifying defaults used to calculate capital adequacy requirements.

Internal ratings system: formalized monitoring procedures
The quality of the ratings system is monitored using national procedures which specify the topics to be reviewed, the warning thresholds and responsibilities of the personnel involved. These documents are updated by CNCM's risk department as often as is necessary based on the decisions ratified.
Reporting of the monitoring of the mass rating models focuses on three main aspects: stability assessment, performance and various additional analyses. Reports are drawn up in respect of each mass rating model on a quarterly basis and supplemented by monitoring work and annual and half-yearly checks, which are more detailed.
As regards the expert grids, the system comprises comprehensive annual monitoring based on the carrying out of performance tests (analysis of rating concentrations, of transition matrices and of consistency with the external rating system) supplemented in the case of the large corporates and similar customers by interim monitoring carried out on a six-monthly basis.
The parameters used to calculate weighted risks are national and apply to all group entities. The annual monitoring of default probabilities is carried out prior to any new estimate of the regulatory parameter. Depending on the portfolio, this monitoring is supplemented by intermediate monitoring, carried out on a half-yearly basis. The procedures for monitoring LGD (loss given default) and CCE (credit conversion factors) are implemented on an annual basis, their main objective being to validate, at the level of each segment, the

values used by these parameters. In the case of loss given default, this validation is carried out mainly by verifying the strength of the prudence margin calculation methods and by reconciling the LGD estimators with the most recent data and actual figures. As regards the CCF, it is validated by reconciling the estimators with the most recent CCFs observed.

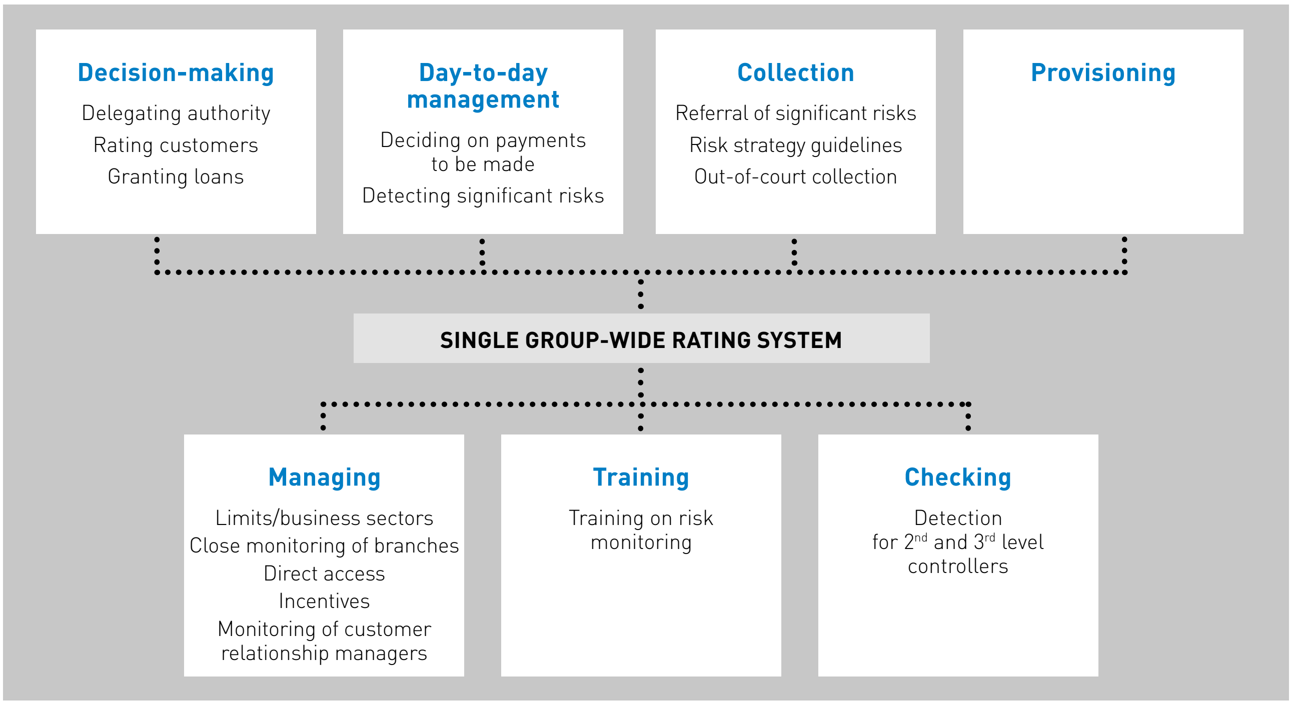
The internal rating system comes within the scope of both permanent and periodic controls

The group's permanent control plan concerning Basel II comprises two levels. At national level, permanent control is involved on the one hand in validating new models and significant adjustments made to existing models and, on the other hand, in the ongoing monitoring of the internal ratings system (and, in particular, its parameters). At regional level, permanent control verifies the overall suitability of the internal ratings system, the operational aspects related to the production and calculation of ratings, the credit risk management procedures directly related to the internal rating system and the quality of the data.

As regards periodic control, the group's audit unit carries out an annual review of the internal ratings system. A framework procedure defines the type of assignments to be carried out on an ongoing basis on the Basel II procedures as well as the breakdown of responsibilities between the regional and national audit units.

Integration of the internal ratings system into the group's operational processes

The regional groups implement the national Basel II procedures on the basis of measures tailored to their specific situation (composition of committees, risk management procedures, etc.). In accordance with the regulations, the Basel II procedures are implemented within the various Crédit Mutuel entities at all levels of the credit management process, as shown in the following diagram depicting the manner in which ratings are used.



The following measures ensure the overall consistency of the procedures:
• national governance of the internal ratings system;
• the circulation of national procedures by CNCM;
• communication between entities on practices (during plenary meetings or bilateral exchanges between CNCM and the groups or between group entities);
• the use by almost all group entities of two information systems, determining the Crédit Mutuel-CIC group's structure (same applications used on a national basis, possibility of use of common applications on a federation-wide basis);
• national reporting applications, which verify the consistency of the practices adopted in the regional groups;
• audits carried out by permanent control and confederal inspection.

The aim of these applications and responsibilities is to ensure that the group complies with regulatory requirements and that the manner in which the internal ratings system is used is consistent throughout the group. Details of the methodological guidelines, progress made regarding the procedures and the main consequences of the reform are regularly presented to all Crédit Mutuel federations, CIC's regional banks and the group's subsidiaries.

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Value exposed to risk (Exposure At Default: EAD) by exposure category

(in € billions)	2012 Value exposed to risk	2012 Value adjustments	2011 Value exposed to risk	2011 Value adjustments	Variation 2012/2011 Value exposed to risk	Variation 2012/2011 Value adjustments
Foundation internal ratings-based approach						
Credit institutions	0.0	0.0	30.6	0.0	(30.6)	0.0
Advanced internal ratings-based approach						
Credit institutions	19.9	0.0	0.0	0.0	19.9	0.0
Corporates	61.3	0.9	0.0	0.0	61.3	0.9
Retail customers					0.0	0.0
Revolving	*2.0*	*0.1*	*1.9*	*0.0*	*0.2*	*0.1*
*Residential real estate**	*51.4*	*0.4*	*48.5*	*0.3*	*2.9*	*0.0*
Other	*34.1*	*1.4*	*37.4*	*1.5*	*(3.3)*	*(0.1)*
TOTAL	**168.8**	**2.8**	**118.4**	**1.8**	**50.4**	**0.9**

* These value adjustments are those made in respect of individual provisions. Information about collective provisions is provided in the annual report.

At December 31, 2012, use of the advanced internal ratings-based approach was authorized in the case of the corporate exposure category and the group had migrated from the foundation internal ratings-based approach to the advanced internal ratings-based approach for the bank exposure category.

Exposures of corporates under the IRBA at December 31, 2012

(in € billions)	Gross exposures	Value exposed to risk
Performing categories		
- Large corporates	32.4	24.0
- Other corporates	25.9	23.9
- Corporates dealt with under the IRB Slotting Criteria approach	5.0	4.9
Non-performing categories		
- Large corporates	0.4	0.4
- Other corporates	1.2	1.2
- Corporates dealt with under the IRB Slotting Criteria approach	0.1	0.1
Additional requirement in respect of the corporate floor	6.8	6.8
TOTAL	**71.8**	**61.3**

Value exposed to risk dealt with under the advanced internal ratings-based approach by category and by internal rating (excluding exposures at default)

Credit institutions and corporates

2012 (in € millions)	Credit quality step	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Credit institutions	1	275	275	33	12.1%	-
	2	9,085	9,053	261	2.9%	0
	3	8,939	8,523	2,210	25.9%	-
	4	434	408	112	27.6%	-
	5	798	670	273	40.8%	-
	6	564	420	269	64.1%	-
	7	636	560	499	89.1%	-
	8	20	13	19	138.9%	-
	9	16	12	27	228.6%	-
Large corporates	1	65	45	7	15.3%	-
	2	520	392	71	18.2%	-
	3	2,157	1,514	396	26.2%	-
	4	7,011	4,658	1,552	33.3%	-
	5	8,124	6,053	3,490	57.7%	-
	6	5,927	4,247	3,766	88.7%	-
	7	3,283	2,529	2,830	111.9%	-
	8	3,736	3,240	4,960	153.1%	-
	9	1,586	1,285	2,981	232.0%	-
Other corporates	1	1,188	1,071	168	15.7%	0
	2	4,164	3,705	843	22.8%	2
	3	4,397	4,083	1,395	34.2%	6
	4	4,533	4,229	1,771	41.9%	11
	5	5,337	4,951	2,438	49.2%	23
	6	3,292	3,083	1,981	64.3%	29
	7	2,032	1,918	1,575	82.1%	33
	8	581	550	506	92.0%	15
	9	355	325	325	99.9%	15
Corporates dealt with under the IRB Slotting Criteria approach*		5,014	4,905	2,962	60.4%	18

* Specialized financing algorithms.

Credit institutions

2011 (in € millions)	Credit quality step	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Credit institutions	1	355	353	50	14.1%	0
	2	20,631	20,615	264	1.3%	0
	3	7,880	7,759	2,018	26.0%	2
	4	903	840	232	27.6%	0
	5	890	729	296	40.7%	1
	6	228	164	105	64.0%	0
	7	101	94	83	89.1%	0
	8	60	42	58	138.9%	1
	9	25	22	50	228.6%	1

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Retail – Individuals

2012 (in € millions)	Credit quality step	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Real estate	1	3,246	3,203	42	1.3%	0
	2	15,738	15,566	242	1.6%	1
	3	8,261	8,179	313	3.8%	1
	4	6,893	6,831	521	7.6%	3
	5	3,178	3,144	436	13.9%	3
	6	1,704	1,651	400	24.2%	4
	7	994	986	328	33.3%	4
	8	983	979	447	45.6%	8
	9	631	629	399	63.5%	15
Revolving	1	98	43	0	0.8%	0
	2	775	375	4	1.0%	0
	3	747	395	9	2.4%	0
	4	814	471	26	5.5%	1
	5	393	249	30	12.0%	1
	6	265	176	38	21.4%	1
	7	129	93	32	34.0%	1
	8	105	82	40	48.3%	2
	9	46	39	31	78.9%	3
Other loans	1	778	721	15	2.1%	0
	2	3,257	3,084	69	2.3%	0
	3	2,429	2,278	140	6.2%	1
	4	2,220	2,100	243	11.6%	2
	5	1,335	1,266	244	19.3%	3
	6	1,188	961	222	23.2%	5
	7	518	497	146	29.3%	5
	8	370	361	118	32.7%	6
	9	233	229	105	46.0%	10

2011 (in € millions)	Credit quality step	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Real estate	1	2,931	2,879	42	1.5%	0
	2	14,686	14,479	246	1.7%	1
	3	8,044	7,945	326	4.1%	2
	4	6,733	6,661	527	7.9%	3
	5	3,163	3,124	422	13.5%	3
	6	1,642	1,594	387	24.3%	4
	7	910	901	302	33.6%	4
	8	874	869	386	44.4%	7
	9	568	565	340	60.2%	13
Revolving	1	84	38	0	0.8%	0
	2	661	329	3	0.9%	0
	3	656	353	7	2.0%	0
	4	743	441	20	4.5%	0
	5	365	237	23	9.6%	1
	6	251	170	30	17.3%	1
	7	122	88	25	27.8%	1
	8	102	81	32	39.1%	2
	9	47	40	25	62.7%	2
Other loans	1	983	898	21	2.4%	0
	2	4,125	3,921	93	2.4%	0
	3	2,962	2,814	159	5.6%	1
	4	2,808	2,675	285	10.6%	2
	5	1,698	1,615	294	18.2%	3
	6	1,268	1,067	215	20.2%	4
	7	633	611	169	27.6%	5
	8	441	433	130	30.0%	7
	9	290	284	119	41.7%	11

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Retail – Other

2012 (in € millions)	Credit quality step	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Real estate	1	1,699	1,680	73	4.3%	0
	2	2,393	2,372	184	7.7%	1
	3	1,437	1,426	190	13.3%	1
	4	1,086	1,074	210	19.6%	2
	5	892	883	239	27.0%	3
	6	648	642	230	35.9%	3
	7	456	454	217	47.8%	4
	8	309	307	176	57.3%	5
	9	340	335	220	65.5%	10
Revolving	1	27	14	0	2.8%	0
	2	24	13	1	6.0%	0
	3	14	8	1	10.7%	0
	4	10	6	1	14.0%	0
	5	7	5	1	21.3%	0
	6	14	9	3	31.3%	0
	7	6	4	2	43.7%	0
	8	7	5	3	58.4%	0
	9	5	4	3	82.1%	0
Other loans	1	3,842	3,542	277	7.8%	1
	2	4,133	3,896	459	11.8%	3
	3	3,226	3,038	524	17.3%	5
	4	2,771	2,592	561	21.6%	8
	5	2,688	2,508	607	24.2%	13
	6	1,793	1,666	439	26.4%	15
	7	1,679	1,569	461	29.4%	25
	8	935	889	320	36.0%	24
	9	774	748	338	45.2%	38

2011 (in € millions)	Credit quality step	Gross exposure	Exposure At Default (EAD)	Risk Weighted Assets (RWA)	Risk Weight (RW)	Expected Loss (EL)
Real estate	1	1,463	1,441	70	4.8%	0
	2	2,155	2,131	167	7.8%	1
	3	1,330	1,313	186	14.2%	1
	4	1,018	1,003	224	22.4%	2
	5	899	887	267	30.1%	3
	6	661	654	231	35.3%	3
	7	465	462	215	46.5%	4
	8	323	322	177	55.1%	5
	9	289	288	176	61.1%	9
Revolving	1	22	11	0	2.2%	0
	2	20	11	1	4.8%	0
	3	11	7	1	8.8%	0
	4	9	5	1	11.7%	0
	5	7	4	1	16.9%	0
	6	12	8	2	25.4%	0
	7	6	4	1	35.1%	0
	8	6	4	2	47.0%	0
	9	4	3	2	65.2%	0
Other loans	1	3,679	3,376	302	8.9%	2
	2	4,096	3,833	472	12.3%	3
	3	3,233	3,019	552	18.3%	6
	4	2,806	2,606	589	22.6%	9
	5	2,883	2,644	673	25.4%	16
	6	1,894	1,743	461	26.5%	17
	7	1,898	1,740	522	30.0%	29
	8	1,079	990	364	36.8%	27
	9	920	847	386	45.6%	44

The LGD (loss given default) used to calculate expected losses provides a cycle average estimate whereas the accounting information recorded relates to a given year. Consequently, a comparison of EL (expected loss) with losses for a given year is not relevant.

Trading desk counterparty risk

Counterparty risk concerns derivatives and repurchase agreements within the banking and trading portfolios.
Such transactions are entered into mainly by CM-CIC Marchés.
In this context, netting and collateral agreements have been put in place with the main counterparties, which limit exposures to counterparty risk.
Capital adequacy requirements were measured using the standardized method at December 31, 2012.

Counterparty risk

Value exposed to risk (In € billions)	2012	2011
Derivatives	5.2	7.0
Repurchase agreements	0.4	0.5
TOTAL	**5.6**	**7.5**

Credit risk reduction techniques

Netting and collateralization of repurchase agreements and over-the-counter derivatives

With the credit institution counterparties, CM-CIC Marchés supplements these agreements with collateralization contracts (Credit Support Annex: CSA)
These contracts are administered using the *TriOptima* platform.
Thanks to margin calls, which are usually made on a daily basis, the residual net credit risk on over-the-counter derivatives and repurchase agreements is greatly reduced.

Description of the main categories of security interests taken into account by the institution

The manner in which the group uses guarantees in the calculation of weighted risks depends on the nature of the borrower, the calculation method adopted for the hedged exposure and the type of guarantee.
As regards contracts used for retail banking customers and dealt with under the Advanced Internal Ratings-Based Approach, guarantees are used as a basis for segmenting the loss in the event of default, calculated on a statistical basis on all the group's non-performing loans and loans in litigation.
As regards contracts used for "sovereign", "credit institution" and, in part, "corporate" portfolios, personal and financial sureties are used as risk reduction techniques, as defined by the regulations:

- personal sureties correspond to the commitment entered into by a third party to take the place of the primary debtor in the event said primary debtor defaults. By extension, credit derivatives (purchase of protection) are included in this category;
- financial sureties are defined by the group as the right of the institution to liquidate, retain or obtain the transfer or ownership of certain amounts or assets such as pledged cash deposits, debt securities, equities or convertible bonds, gold, units in UCITS, life insurance policies and all types of instruments issued by a third party and repayable on demand.

Use of the guarantee is only effective if said guarantee meets the legal and operational criteria laid down by the regulations. Operational procedures describe the characteristics of the guarantees used, the eligibility criteria and the procedures for dealing with warnings generated in the event of non-compliance. Subsequent processing to calculate weighted risks taking into account risk reduction techniques is largely automated.

Procedures applied with regard to the valuation and management of instruments constituting security interests

The procedures used to value guarantees depend on the nature of the instrument constituting the security interest in property. Generally speaking, research carried out within Crédit Mutuel-CIC is based on statistical estimation methodologies, directly integrated into applications, based on external indices to which discounts may be applied depending on the type of asset accepted by way of guarantee. By exception, specific procedures stipulate expert valuations, particularly in the event that thresholds set for transactions are exceeded.
These procedures are drawn up at national level. Group entities are then responsible for operational management, monitoring valuations and calling guarantees.

The main categories of protection providers

Other than intra-group guarantees, the main categories of protection providers taken into account are mutual guarantee associations specializing in home loans.

Securitization

Objectives

In connection with its capital markets activities, the group's involvement in the securitization market concerns taking investment positions with a threefold aim: return, risk taking and diversification. The risks concerned are mainly credit risk on the underlying assets and liquidity risk including, in particular, the changes in the European Central Bank's eligibility criteria. The activity is purely an investment activity relating to senior or mezzanine tranches, but which still benefit from an external rating.
In the context of specialized financing, the group assists its customers by acting as a sponsor (arranger or co-arranger) or sometimes as an investor in the context of the securitization of trade receivables. The conduit used is General Funding Ltd (GFL), which subscribes to senior units in the securitization vehicle and issues commercial paper. GFL benefits from a liquidity line granted by the group, which guarantees that it will place the conduit's commercial paper. The group is exposed mainly to credit risk on the portfolio of receivables ceded and to the risk of the capital markets drying up.
Regardless of the context of the activity, Crédit Mutuel-CIC is not the "originator" and only acts as sponsor on an incidental basis. It does not invest in re-securitizations.

Capital markets activities: monitoring and control procedures

Market risks in respect of the securitization positions are monitored by the risks and results team using various courses of action and daily procedures which enable trends in market risks to be monitored. The risks and results team analyzes on a daily basis the trend in the results of the securitization strategies and explains it on the basis of risk factors.
It monitors compliance with the limits set in the body of rules.
The group also monitors the credit quality of the securitization tranches on a daily basis by monitoring the ratings set by the external credit rating agencies Standard & Poor's, Moody's and Fitch Ratings. The actions of these agencies (upgrades, downgrades and credit watch placements) are analyzed.
In addition, a quarterly summary of changes in ratings is prepared.
In the context of the counterparty limit management procedure, the following work is carried out: in-depth analysis of securitizations that have reached the group commitment approval level, analysis of certain sensitive securitizations (issued in countries that are peripheral to the eurozone or that have been significantly downgraded). These analyses aim, in particular, to assess the level of credit enhancement of the position as well as the performance of the underlying.
In addition, a record is prepared for each securitization tranche, regardless of the approval level, summarizing the main characteristics of the tranche held, the structure and the underlying portfolio. In the case of securitizations issued on or after January 1, 2011, information about the performance of the underlyings has been added. This information is updated once a month. The agents' issue prospectuses and pre-sale documentation are also recorded and made available with the records, as well as the investor reports for the securitizations issued on or after January 1, 2011.
Finally, the capital markets business has an application for measuring the impact of various scenarios on the positions (trend in prepayments, defaults and recovery rates in particular).

Credit risk hedging policies

The capital markets business traditionally involves the purchase of securities. However, the purchase of protection in the form of Credit Default Swaps may be authorized and is governed, where relevant, by the procedures relating to the management of capital markets activities.

Prudential approaches and methods

Those entities authorized to use the internal ratings-based approach to credit risk apply the method based on the ratings. In all other cases, the standardized approach is used.

Accounting principles and methods

Securitization securities are recognized in the same way as other debt securities, i.e. based on their accounting classification. The accounting principles and methods are detailed in note 1 to the financial statements.

Exposures by securitization type

Exposures are stated net of provisions.

Securitization by type in € billions

Exposure At Default (EAD)	2012				2011			
	Banking portfolio		Trading portfolio	Correlation portfolio	Banking portfolio		Trading portfolio	Correlation portfolio
Credit quality step	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach
Investor								
- Traditional securitization	0.3	3.5	1.8		0.5	4.4	2.0	
- Synthetic securitization				0.8				1.3
- Traditional re-securitization								
- Synthetic re-securitization								
Sponsor		0.3				0.3		
TOTAL	**0.3**	**3.8**	**1.8**	**0.8**	**0.5**	**4.7**	**2.0**	**1.3**

... Information on Basel II Pillar 3

Exposure At Default (EAD)	2012				2011			
	Banking portfolio		Trading portfolio	Correlation portfolio	Banking portfolio		Trading portfolio	Correlation portfolio
Credit quality step	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach	Standardized approach	Internal ratings-based approach	Internal ratings-based approach	Internal ratings-based approach
Credit quality step								
E1	0.1	0.6	1.7		0.3	1.5	1.8	
E2		1.3				1.4	0.1	
E3		0.1				0.0	0.0	
E4		0.2				0.3	0.0	
E5		0.1				0.0		
E6	0.1	0.1	0.1		0.1	0.1		
E7		0.0				0.1		
E8		0.2			0.0	0.4		
E9	0.1	0.0			0.1	0.0	0.0	
E10		0.0				0.0	0.1	
E11		0.0						
Positions weighted at 1,250%	0.0	1.2			0.0	0.9	0.0	
TOTAL	**0.3**	**3.8**	**1.8**	**0.8**	**0.5**	**4.7**	**2.0**	**1.3**
Capital requirement								
TOTAL	**0.0**	**0.8**	**0.1**	**0.0**	**0.0**	**1.0**	**0.1**	**0.1**

Equities

Value exposed to risk (in € billions)	2012	2011
Equities	3.1	**3.2**
Under internal ratings-based approach		
Private equity (190%)	1.5	1.5
Exposures to listed equities (290%)	0.1	0.3
Other exposures to equities (370%)	1.1	1.0
Under standardized approach		
Equities under standardized approach weighted at 150%	0.3	0.5
Investments in credit institutions deducted from capital	0.2	**0.1**
Investments in entities in the insurance sector deducted from capital	1.3	**1.1**
Total amount of unrealized gains and losses included in Tier 1 capital	0.0	**0.0**

Unrealized gains included in Tier 2 capital totaled €0.1 billion. The majority of the investments deducted from capital are investments in associated companies that are either credit institutions or insurance companies.

The private equity business line is broken down into

- i) the line covering private equity under the internal ratings-based approach for those transactions with a leverage effect, and
- ii) the line covering equities under the standardized approach in other cases.

Interest rate risk: banking portfolio

Those items relating to the measurement of capital requirements with regard to the banking portfolio's interest rate risk are dealt with in the section entitled "Risk management".

Market risks

Market risks are calculated on the trading portfolio. In the case of interest rate and equity risks, they result mainly from CM-CIC Marché's activities.
Counterparty risks concerning derivatives and repurchase agreements are detailed in the section entitled "Counterparty risk".
Those items relating to the measurement of capital requirements in respect of market risks are dealt with in the section entitled "Risk management".

Operational risk

Those items relating to the structure and organization of the function responsible for operational risk are dealt with in the section entitled "Risk management".

That section also meets the disclosure requirements concerning policy and procedures implemented on the one hand and reporting systems and risk measurement on the other hand.

Description of the advanced method approach (AMA)

In connection with the implementation of the operational risk advanced method approach (AMA) for measuring capital requirements in respect of operational risks, a dedicated, independent function is responsible for managing this risk.
The operational risk measurement and control procedures are based on risk mappings prepared by business line and risk type, in close collaboration with the functional departments and day-to-day risk management procedures. These mappings serve as a standardized framework for analysis of the loss experience and result in modeling drawn from the work of experts reconciled with probability-based estimates based on different scenarios.
For modeling purposes, the group relies mainly on the national database of internal losses. Information is included in this database in accordance with a national collection procedure which defines a uniform threshold of €1,000 above which each loss must be input and which governs reconciliations between the loss database and the accounting records.
In addition, the group subscribes to an external database which is used on an ongoing basis together with the methodologies for integrating this data into the operational risk measurement and analysis system.
The group's general management and reporting system incorporates the requirements of CRBF regulation 97-02. Exposures to operational risk and losses are reported to the executive body on a regular basis and at least once a year. The group's procedures in the areas of governance, collection of loss information and its risk measurement and management systems enable it to take the appropriate corrective action. These procedures are the subject of regular checks.

Authorized use of the AMA

With effect from January 1, 2010, the group has been authorized to use the advanced method approach to calculate regulatory capital requirements in respect of operational risk (with the exception of the deduction of expected losses from its capital requirements) in the case of all consolidated companies except foreign subsidiaries and CM-CIC Factor.

Operational risk hedging and reduction policy

Operational risk mitigation techniques include:
- preventative actions identified during the mapping process and implemented directly by operational or permanent control staff;
- safeguard initiatives, which focus on the widespread implementation of disaster recovery plans that fall into two categories: business-specific disaster recovery plans which relate to a given banking function that is associated with one of the business lines identified in accordance with Basel II and the cross-functional disaster recovery plans which relate to activities that constitute operational support services (disaster recovery plan logistics, HR and IT).

These plans can be split into three components:
- emergency plan: this is triggered immediately and involves measures designed to handle emergencies and institute solutions for operating in a weakened environment;
- business continuity plan: this involves resuming business under adverse conditions in accordance with predefined procedures;
- back-on-track plan.

An on-going national procedure deals with the methodology used in drawing up the disaster recovery plans. It constitutes a reference document accessible to all staff involved. It is applied by all the regional groups.

Use of insurance techniques

The French Prudential Supervisory Authority has authorized Crédit Mutuel-CIC to take into account insurance as a factor to reduce its capital requirements in respect of operational risk under the advanced measurement approach with effect from the June 30, 2012 closing.
The principles applied to the financing of operational risks within the group depend on the frequency and severity of each potential risk, and consist of:
- taking out insurance for high frequency, low severity risks, or ensuring such risks are financed by withholding amounts on the operating account;
- taking out insurance for insurable serious or major risks;
- developing self-insurance for losses below insurers' excess levels;
- allocating regulatory capital reserves or provisions financed by underlying assets for serious risks that cannot be insured.

Crédit Mutuel-CIC's insurance programs comply with the provisions governed by Articles 371/1 to 3 of the order of February 20, 2007 concerning the deduction of insurance under the advanced method approach (AMA).
The insurance cover used in the deduction process includes damage to real and personal property (multi-risk), fraud (specific banking risks) and professional third-party liability.

Financial statements

Consolidated statement of financial position

Assets

(in € millions)	Notes	2012	2011
Cash and amounts due from central banks	4	7,543	3,740
Financial assets at fair value through profit or loss	5	27,809	24,639
Derivatives used for hedging purposes	6	117	98
Available-for-sale financial assets	7	13,492	17,569
Loans and receivables due from credit institutions	4	33,029	35,603
Loans and receivables due from customers	8	132,890	132,303
Remeasurement adjustment on portfolios hedged for interest rate risk	9	884	755
Held-to-maturity financial assets	10	67	78
Current tax assets	11	459	623
Deferred tax assets	12	604	980
Accruals and other assets	13	15,446	13,529
Investments in associates	14	1,497	1,403
Investment property	15	28	23
Property and equipment and finance leases (lessee accounting)	16	1,542	1,588
Intangible assets	17	237	265
Goodwill	18	88	87
TOTAL		**235,732**	**233,283**

Liabilities and equity

(in € millions)	Notes	2012	2011
Due to central banks	19	343	282
Financial liabilities at fair value through profit or loss	20	26,693	29,143
Derivatives used for hedging purposes	6	2,240	2,454
Due to credit institutions	19	57,405	69,576
Due to customers	21	108,162	100,207
Debt securities	22	17,016	13,491
Remeasurement adjustment on portfolios hedged for interest rate risk	9	(1,260)	(1,037)
Current tax liabilities	11	224	209
Deferred tax liabilities	12	245	224
Accruals and other liabilities	23	9,803	4,792
Provisions	24	934	903
Subordinated notes	25	3,459	3,532
Equity		10,468	9,507
Attributable to owners of the company		*10,362*	*9,227*
- Capital stock		*608*	*608*
- Additional paid-in capital		*1,088*	*1,088*
- Consolidated reserves		*8,229*	*7,943*
- Unrealized gains and losses recognized directly in equity	*26a*	*(261)*	*(967)*
- Net income for the year		*698*	*555*
Non-controlling interests		*106*	*280*
TOTAL		**235,732**	**233,283**

... Financial statements

Consolidated income statement

(in € millions)	Notes	2012	2011
Interest income	28	9,553	8,851
Interest expense	28	(7,734)	(6,237)
Commission income	29	2,119	2,196
Commission expense	29	(470)	(515)
Net gain/(loss) on financial instruments at fair value through profit or loss	30	777	(100)
Net gain/(loss) on available-for-sale financial assets	31	12	(49)
Income from other activities	32	186	241
Expense on other activities	32	(183)	(221)
Net banking income		**4,260**	**4,166**
Payroll costs	33a	(1,693)	(1,607)
Other general operating expenses	33c	(1,083)	(1,036)
Depreciation and amortization	34	(168)	(167)
Operating income before provisions		**1,316**	**1,356**
Net additions to/reversals from provisions for loan losses	35	(356)	(549)
Operating income after provisions		**960**	**807**
Share of income/(loss) of associates	14	51	48
Net gain/(loss) on disposals of other assets	36	11	17
Income before tax		**1,022**	**872**
Corporate income tax	37	(300)	(293)
Net income		**722**	**579**
Non-controlling interests		24	24
NET INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY		**698**	**555**
Basic earnings per stock unit (in €)	38	18.46	14,69
Diluted earnings per stock unit (in €)	38	18.46	14,69

Statement of comprehensive income

(in € millions)	Notes	2012	2011
Net income		**722**	**579**
Translation adjustments		(2)	(5)
Remeasurement of available-for-sale financial assets		729	(563)
Remeasurement of hedging derivatives		(2)	(7)
Remeasurement of non-current assets			
Share of unrealized or deferred gains and losses of associates		101	(26)
Total gains and losses recognized directly in equity that may be recycled to profit or loss		**826**	**(601)**
Actuarial differences on defined benefit plans		(52)	
Total gains and losses recognized directly in equity	**26b**	**774**	**(601)**
Net income and gains and losses recognized directly in equity		**1,496**	**(22)**
Attributable to owners of the company		*1,372*	*(37)*
Non-controlling interests		*124*	*15*

Headings relating to gains and losses recognized directly in equity are presented net of tax.

Consolidated statement of changes in equity

	Equity attributable to owners of the company				Gains and losses recognized directly in equity						Non-controlling interests	Total consolidated equity
in € millions	Capital stock	Additional paid-in capital	Elimination of treasury stock	Reserves[1]	Translation adjustment	AFS financial assets[2]	Hedging instruments	Actuarial differences	Net income for the year	Total		
Equity at Jan. 1, 2011	**608**	**1,088**	**(55)**	**7,188**		**(366)**	**(10)**		**1,115**	**9,568**	**311**	**9,879**
Appropriation of prior-year earnings				1,115					(1,115)			
Dividends paid				(333)						(333)	(21)	(354)
Sub-total: movements arising from stockholder relations				**782**					**(1,115)**	**(333)**	**(21)**	**(354)**
Consolidated net income for the period									555	555	24	579
Changes in fair value of AFS financial assets[2]						(579)	(8)			(587)	(9)	(596)
Translation adjustments				19						19	1	20
Sub-total				**19**		**(579)**	**(8)**		**555**	**(13)**	**16**	**3**
Restructuring and internal asset sales				(1)						(1)		(1)
Impact of changes in group structure				2		(4)				(2)	(26)	(28)
Other movements				8						8		8
Equity at Dec. 31, 2011 Reported[3]	**608**	**1,088**	**(55)**	**7,998**		**(949)**	**(18)**		**555**	**9,227**	**280**	**9,507**
Impact of change of accounting method[4]				(8)				(26)		(34)		(34)
Equity at Dec. 31, 2011 Pro forma	**608**	**1,088**	**(55)**	**7,990**		**(949)**	**(18)**	**(26)**	**555**	**9,193**	**280**	**9,473**
Equity at Jan. 1, 2012	**608**	**1,088**	**(55)**	**7,990**		**(949)**	**(18)**	**(26)**	**555**	**9,193**	**280**	**9,473**
Appropriation of prior-year earnings				555					(555)			
Dividends paid				(246)						(246)	(16)	(262)
Sub-total: movements arising from stockholder relations				**309**					**(555)**	**(246)**	**(16)**	**(262)**
Consolidated net income for the period									698	698	24	722
Changes in fair value of AFS financial assets[2]						771	(2)			769	60	829
Changes in actuarial differences								(26)		(26)		(26)
Translation adjustments					(2)					(2)		(2)
Sub-total					**(2)**	**771**	**(2)**	**(26)**	**698**	**1,439**	**84**	**1,523**
Restructuring and internal asset sales				(1)						(1)		(1)
Impact of changes in group structure				25		(40)				(15)	(242)	(257)
Other movements[3]				(39)	31					(8)		(8)
Equity at Dec. 31, 2012	**608**	**1,088**	**(55)**	**8,284**	**29**	**(218)**	**(20)**	**(52)**	**698**	**10,362**	**106**	**10,468**

(1) At December 31, 2012 reserves comprised the legal reserve for €61 million, the special long-term capital gains reserve for €287 million, retained earnings for €2,656 million, other CIC reserves for €320 million and post-acquisition retained earnings for €4,960 million.

(2) AFS: Available for sale.

(3) The €31 million translation adjustment was included in reserves at December 31, 2011. In 2012, this amount was transferred to gains and losses recognized directly in equity under the "Other movements" heading.

(4) Application of revised IAS 19.

At December 31, 2012, CIC's capital stock comprised 38,027,493 stock units with a par value of €16 each, including 229,741 treasury stock units.

... Financial statements

Consolidated statement of cash flows

(in € millions)	2012	2011
Net income	722	579
Corporate income tax	300	293
Income before tax	**1,022**	**872**
Net depreciation/amortization expense on property and equipment and intangible assets	168	167
Impairment of goodwill and other non-current assets	17	
Net additions to provisions and impairment	(362)	220
Share of income/loss of associates	(51)	(48)
Net loss/gain from investing activities	8	(59)
(Income)/expense from financing activities		
Other movements	36	1,524
Non-monetary items included in income before tax and other adjustments	**(184)**	**1,804**
Cash flows relating to interbank transactions	(8,628)	5,043
Cash flows relating to customer transactions	7,282	4,133
Cash flows relating to other transactions affecting financial assets or liabilities	1,360	(17,213)
Cash flows relating to other transactions affecting non-financial assets or liabilities	3,304	(5,469)
Taxes paid	(37)	(236)
Net decrease/(increase) in assets and liabilities from operating activities	**3,281**	**(13,742)**
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES (A)	**4,119**	**(11,066)**
Cash flows relating to financial assets and investments	**75**	**83**
Cash flows relating to investment property	**(6)**	**(2)**
Cash flows relating to property and equipment and intangible assets	**(98)**	**(130)**
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES (B)	**(29)**	**(49)**
Cash flows relating to transactions with stockholders[1]	**(210)**	**(277)**
Other net cash flows relating to financing activities[2]	**688**	**186**
CASH FLOWS FROM (USED IN) FINANCING ACTIVITIES (C)	**478**	**(91)**
IMPACT OF MOVEMENT IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS (D)	**(8)**	**105**
Net increase/(decrease) in cash and cash equivalents (A + B + C + D)	**4,560**	**(11,101)**
Net cash flows from (used in) operating activities (A)	4,119	(11,066)
Net cash flows from (used in) investing activities (B)	(29)	(49)
Net cash flows from (used in) financing activities (C)	478	(91)
Impact of movements in exchange rates on cash and cash equivalents (D)	(8)	105
Cash and cash equivalents at beginning of year	**9,185**	**20,286**
Cash accounts and accounts with central banks	3,457	5,359
Demand loans and deposits – credit institutions	5,728	14,927
Cash and cash equivalents at end of year	**13,745**	**9,185**
Cash accounts and accounts with central banks	7,200	3,457
Demand loans and deposits – credit institutions	6,545	5,728
CHANGE IN CASH AND CASH EQUIVALENTS	**4,560**	**(11,101)**

(1) The main elements of cash flows relating to transactions with stockholders were:
- €246 million in dividends paid by CIC to its stockholders in respect of 2011;
- €16 million in dividends paid to non-controlling stockholders;
- €52 million in dividends received from associated companies.

(2) Other net cash flows relating to financing activities comprise:
- the issue and redemption of bonds representing a net amount of €750 million;
- the redemption of subordinated notes amounting to €62 million.

Notes to the consolidated financial statements

The notes are expressed in millions of euros (€ millions).

Note 1: Summary of significant accounting policies and valuation and presentation methods

Pursuant to regulation (EC) 1606/2002 on the application of international accounting standards and regulation (EC) 1126/2008 on the adoption of said standards, the consolidated financial statements for the year ended December 31, 2012 have been drawn up in accordance with IFRS as adopted by the European Union at December 31, 2012. These standards include IAS 1 to 41, IFRS 1 to 8 and any SIC and IFRIC interpretations adopted at that date. Standards not adopted by the European Union have not been applied. The financial statements are presented in accordance with CNC recommendation 2009-R.04.

All IAS and IFRS were updated on November 3, 2008 by regulation 1126/2008 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
Information on risk management required by IFRS 7 is provided in a specific section of the board of directors' report.
IAS 19R on employee benefits published in the Official Journal of the European Union dated June 5, 2012, application of which is mandatory as from January 1, 2013, has been applied early as from January 1, 2012. Details of its impact are provided in the note on retirement benefits.

IAS / IFRS	Subject addressed	Date of application	Date of application in the EU
IAS 1 Amendments	Presentation of Items of Other Comprehensive Income	01/01/2013	Limited
IFRS 7 Amendment	Offsetting Financial Assets and Financial Liabilities	01/01/2013	Limited
IAS 32 Amendment	Offsetting Financial Assets and Financial Liabilities	01/01/2014	Limited
IFRS 11/10/12 IAS 28	Standards relating to consolidation and financial information of non-consolidated entities	01/01/2014	Limited
IFRS 13	Fair Value Measurement	01/01/2013	Under review

Use of estimates 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 assets;
- measurement of provisions, including retirement obligations and other employee benefits.

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 initially at fair value, which is usually the net amount disbursed at inception. They are subsequently carried at amortized cost using the effective interest rate method.

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.

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.

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.

Impairment of loans and receivables, financing commitments and financial guarantees given and available-for-sale or held-to maturity debt 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, 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 (portfolio-based impairment)

Customer loans that are not individually impaired are risk-assessed on the basis of loan portfolios 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.

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. This amount is reduced in line with lease payments received, which are broken down between principal repayments and interest.

Finance leases – lessee accounting

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

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, 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.

Purchased securities

Securities held by the group are classified in the categories defined in IAS 39: financial instruments at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets and loans.

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

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. On disposal or recognition of an impairment in value, the unrealized gains and losses recorded in equity are transferred to the income statement. Purchases and sales are recognized at the settlement date.
Income derived from fixed-income available-for-sale securities is recognized in the income statement under "Interest income", using the effective interest method. 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, market, economic or legal environment 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.

Financial instruments 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:
   - were acquired or incurred principally for the purpose of selling or repurchasing them in the near term; or
   - 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
   - represent derivatives not classified as hedges.

b) financial instruments designated at inception as at fair value through profit or loss in accordance with the fair value option provided by IAS 39, for which application guidance was given in the amendment published in June 2005.
   The fair value option is designed to help entities produce more relevant information, by enabling:
   - certain hybrid instruments to be measured at fair value without separating out embedded derivatives whose separate measurement would not have been sufficiently reliable;
   - a significant reduction in accounting mismatches between certain assets and liabilities;
   - a group of financial assets and/or liabilities to be managed and monitored for performance in accordance with a 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 are taken to the income statement under "Net gain/(loss) on financial instruments at fair value through profit or loss". Income earned on fixed-income securities in this category is included in the income statement under "Interest income". 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 recognized in the income statement. Fair value also incorporates an assessment of counterparty risk on these securities.

Fair 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.
As regards derivatives that constitute a receivable, their valuation also incorporates the risk of the counterparty defaulting.
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.

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). Given the diversity of the instruments and the reasons for their inclusion in this category, the calculation of the sensitivity of the fair value to the change in the parameters would provide information of little relevance. This category comprises mainly investments in non-consolidated companies and the private equity business line.

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, price index, rate index 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 the underlying;
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 items, 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 stand-alone 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 hosting the embedded derivative is not measured at fair value through profit or loss;
- the economic characteristics and associated risks of the embedded derivative are not closely related to those 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 customer needs. CIC offers 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.
CIC uses the first and third methods. 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 the parameters used 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.

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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 incorporating barrier options is recognized upon maturity of the structured product, due to the specific risks associated with the management of these barriers.

Reclassification of debt instruments

Fixed-income securities or debt instruments classified at fair value through profit or loss may be reclassified in other categories as follows:

a) held-to-maturity, only in rare cases, in the event of a change in the management intention, and provided that they satisfy the eligibility conditions for this category;
b) loans and receivables in the event of a change in the management intention, the capacity to hold the security for the foreseeable future or until maturity and provided that they satisfy the eligibility conditions for this category;
c) available-for-sale only in rare cases.

Fixed-income securities or available-for-sale debt instruments may be reclassified in other categories as follows:

a) held-to-maturity in the event of a change in the management intention or capacity, and provided that they satisfy the eligibility conditions for this category;
b) loans and receivables if there is the intention and capacity to hold the financial asset for the foreseeable future or until maturity and provided that they satisfy the eligibility conditions for this category.

In the event of a transfer, the fair value of the financial asset on its reclassification date becomes its new cost or amortized cost. Gains or losses recognized prior to the transfer date cannot be reversed.

In the event of a transfer from the "available-for-sale" category into either the "held-to-maturity" or "loans and receivables" category of debt instruments with a fixed maturity date, unrealized gains and losses previously deferred into equity are amortized over the asset's residual life. In the event of a transfer of debt instruments with no fixed maturity date into loans and receivables, unrealized gains and losses previously deferred are maintained in equity until the securities are sold.

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 future 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 underlying strategy, 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 hedges
In a fair value hedge, changes in the fair value of the derivative instrument are taken to income under "Interest income/ expense – derivatives used for hedging purposes" symmetrically with the change in interest income/expense of the hedged item.
In a fair value hedging relationship, the derivative instrument is measured at fair value through profit or loss under "Net gain/(loss) on financial instruments at fair value through profit or loss" symmetrically with the remeasurement of the hedged item to reflect the hedged risk. This rule applies when the hedged item is recognized at amortized cost or is classified as available-for-sale. If the hedging relationship is fully effective, any changes in the fair value of the hedging instrument will offset changes in the fair value of the item hedged.
Hedges must be deemed to be highly effective to qualify for hedge accounting. The change in the fair value or cash flows of the hedging instrument must offset the change in the fair value or cash flows of the item hedged within a range of 80% to 125%.
If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued on a prospective basis. The related derivatives are transferred to the trading book and accounted for using the treatment applied to this asset category. The carrying amount of the hedged item in the statement of financial position is no longer adjusted to reflect changes in fair value and the cumulative adjustment recorded in respect of the hedging transactions is amortized over the remaining life of the item hedged. If the hedged item no longer appears in the statement of financial position, in particular due to early repayments, the cumulative adjustment is taken immediately to income.

Fair value hedge accounting for a portfolio hedge of interest-rate risk
In October 2004, the European Union amended IAS 39 to allow demand deposits to be included in portfolios of liabilities contracted at fixed rates. This method is applied by the group. At the end of each reporting period, CIC verifies that the hedging contracted for each portfolio of assets and liabilities is not excessive.
The maturity of the liability portfolio is modeled by asset-liability management.
Changes in the fair value of a portfolio hedge of interest-rate risk are recognized on a specific line of the statement of financial position, under "Remeasurement adjustment on interest-rate risk hedged portfolios", with the offsetting entry in income.

Cash flow hedges
In the case of cash flow hedges, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in equity under "Unrealized or deferred gains and losses on cash flow hedges", while the ineffective portion is included in "Net gain/(loss) on financial instruments at fair value through profit or loss".
The amounts recognized in equity are reclassified into profit and loss under "Interest income/expense" in the same period or periods during which the cash flows attributable to the hedged item affect profit or loss. The hedged items continue to be accounted for using the treatment applicable to the asset category to which they belong.
If the hedging relationship is broken or no longer fulfills the hedge effectiveness criteria, hedge accounting is discontinued. The cumulative amounts recognized in equity as a result of the remeasurement of the hedging instrument remain in equity until the hedged transaction itself impacts income, or until the transaction is no longer expected to occur, at which point said amounts are transferred to the income statement.

Regulated savings

Home savings accounts *(comptes d'épargne logement* – "CEL") and home savings plans *(plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation:

- to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest payable on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.
A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e. where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics. The impact on income is included in interest paid to customers.

Debt securities

Debt securities are initially recognized at fair value – which is generally the net amount received – and subsequently measured at amortized cost using the effective interest method.
Certain "structured" debt instruments may contain embedded derivatives, which are isolated from the host contract when they meet the criteria for separate recognition and can be measured reliably.
The host contract is subsequently measured at amortized cost. Fair value is based on quoted market prices or valuation models.

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. They include assets other than property leased under operating leases. Investment property comprises real property 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.
Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.
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 on a straight-line basis 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 on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.
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 method appropriate to that component. CIC has adopted the component approach for property used in operations and investment property. These items are depreciated over the following useful lives:

- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Leasehold rights paid are not amortized but are tested for impairment. New occupancy fees paid to the owner are amortized over the life of the lease as additional rent. Other intangible items (e.g. acquired customer contract portfolios) are amortized over a period of nine or ten years.
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 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. Impairment is recognized under "Depreciation, amortization and impairment" 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".

Corporate income tax

This item includes all current or deferred income taxes. Current tax is calculated based on the 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 and fair value adjustments on intangible assets that cannot be sold separately from the acquired business.
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, which are taken directly to equity.
Non-recoverable taxes payable on probable or certain dividend payments by consolidated companies are taken into account.

Provisions

A provision is recognized when it is probable 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.
This amount is discounted in order to determine the amount of the provision.
Movements in provisions are classified by nature under the corresponding income/expense caption. The cumulative provision is recognized as a liability in the statement of financial position.

Employee benefits

Employee benefits are accounted for in accordance with IAS 19R, which has been applied early. The effects of the main new provisions are:

- in the case of post-employment benefits covered by defined benefit plans, the immediate recognition in equity of actuarial differences in unrealized or deferred gains and losses, and of plan changes in the income statement, the application, to the plan assets, of the discount rate used to determine the scheme liabilities and the disclosure of more comprehensive information in the notes to the financial statements;
- in the case of short-term benefits, a new definition: short-term benefits now comprise those benefits expected to be settled in full within the 12 months following the end of the reporting period during which the employees render the related services (and no longer "which fall due within 12 months…").

Where appropriate, a provision is set aside for such benefits, recognized within "Provisions". Any movements in the provision are taken to income within "Payroll costs", with the exception of the portion resulting from actuarial differences, which is recognized in unrealized or deferred gains and losses recognized in equity.

Post-employment benefits covered by defined benefit plans
These relate to retirement, early retirement and supplementary retirement plans for which the group has a legal or constructive obligation to provide certain benefits to its employees.
These obligations are calculated using the projected unit credit method, which consists in attributing benefits to periods of service in line with the plan's benefit formula, which is then discounted based on demographic and financial assumptions.
The group uses the following assumptions to calculate its employee benefit obligations:

- the discount rate determined by reference to the market yield on long-term corporate bonds consistent with the term of the obligations;
- the salary inflation rate, measured based on age bands and regional characteristics;
- estimated inflation rates;
- employee turnover, calculated for each age band;
- retirement age: the estimate is calculated separately for each individual based on the actual or estimated date on which employment first commenced and on assumptions related to the law on pension reform, with a maximum age of 67 at retirement;
- the INSEE TH/TF 00-02 life expectancy table.

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The effect of changes in these assumptions and experience adjustments (the effects of differences between the previous assumptions and actual outcomes) gives rise to actuarial gains and losses.
Plan assets are measured at fair value and the amount recognized in the income statement is their implicit return (corresponding to the fair value of the plan assets multiplied by the discount rate used to determine the scheme liabilities). The difference between the implicit return on plan assets and the actual return gives rise to an actuarial gain or loss.
Actuarial differences are recognized in equity, within unrealized or deferred gains and losses.
Gains or losses on the curtailment or settlement of a defined benefit plan are recognized in the income statement when they occur.
At least 60% of the obligations of the group's French banks relating to retirement bonuses are covered by insurance taken out with ACM Vie, a Crédit Mutuel group insurance company which is consolidated by CIC under the equity method.

Supplementary pensions covered by pension funds
Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The four pension funds to which CIC group banks contributed were merged. They pay the various benefits covered by the transitional agreement. In the event that fund assets are not sufficient to cover these benefit obligations, the banks are required to make additional contributions. The average contribution rate for the next ten years is capped at 4% of the payroll. The pension fund resulting from mergers was converted into an IGRS, a French supplementary pension management institution, in 2009.
It does not have an asset shortfall.

Defined contribution post-employment benefits
Group entities pay into a number of retirement schemes managed by third parties. Under these schemes, group entities have no legal or constructive obligation to pay further contributions, in particular where plan assets are inadequate to fund future obligations.
As these schemes do not represent an obligation for the group, no provision is recorded and the related expenses are recognized in the income statement in the period in which the contribution is due.

Other long-term benefits
Other long-term benefits are employee benefits (other than post-employment benefits and termination benefits) which are expected to be paid more than 12 months after the end of the period in which the employees render the related services, such as long-service awards.
The group's obligation in respect of other long-term benefits is measured using the projected unit credit method. However, actuarial losses are taken to the income statement as and when they arise.
Employees are granted long-service awards after 20, 30, 35 and 40 years of service. A provision is set aside for these awards.

Termination benefits
These benefits are granted by the group following the decision to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy in exchange for such benefits. The related provisions are discounted when payment falls due more than 12 months after the end of the reporting period.

Short-term employment benefits
Short-term employment benefits are employee benefits (other than termination benefits) which are expected to be settled wholly within 12 months of the end of the reporting period, such as wages and salaries, social security contributions and certain bonuses.
An expense is recognized in respect of these benefits in the period in which the services giving rise to the benefits were provided to the entity.

Debt-equity distinction

Financial instruments issued by the group are classified as debt instruments when the group has a contractual obligation to deliver cash to holders of the instruments and when the remuneration of these instruments is not discretionary. This is the case with subordinated notes issued by the group.

Translation of assets and liabilities denominated in a foreign currency

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" in other comprehensive income 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 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.

Insurance company contracts

The accounting policies and measurement methods specific to assets and liabilities arising on insurance contracts have been drawn up in accordance with IFRS 4. They apply also to reinsurance contracts issued or subscribed, and to financial contracts with a discretionary profit-participation feature. Other assets held and liabilities issued by insurance companies are accounted for in accordance with the rules applicable to the group's other assets and liabilities.

Assets
Financial assets, investment property and property and equipment and intangible assets comply with the accounting methods described elsewhere. However, financial assets representing technical provisions related to unit-linked business are shown in "Financial assets at fair value through profit or loss".

Liabilities
Insurance liabilities, which represent commitments to subscribers and beneficiaries, are included under the heading "Insurance companies' technical provisions". They continue to be measured, recorded and consolidated in accordance with French GAAP.
The technical provisions in respect of life insurance contracts consist mainly of mathematical provisions corresponding generally to the contracts' surrender values. The risks covered are essentially death, disability and incapacity for work (for credit insurance).
The technical provisions related to unit-linked business are measured, at the end of the reporting period, on the basis of the realizable value of the assets underlying these contracts.
The provisions related to non-life insurance contracts correspond to unearned premiums (portion of the premiums issued relating to subsequent periods) and to outstanding claims.
Those insurance contracts with a discretionary profit-participation feature are subject to "shadow accounting". The resulting provision represents the policyholders' share of the capital gains and losses arising on the assets. These deferred profit-participation reserves are recognized on the liabilities or assets side of the statement of financial position, by legal entity, and there is no offsetting between group entities. On the assets side, they are presented under a specific heading.
At the end of the reporting period, an adequacy test is performed on the liabilities recognized on these contracts (net of related other assets and liabilities such as deferred acquisition costs and acquired portfolios). This test ensures that the recognized insurance liabilities are adequate to cover estimated future cash flows under insurance contracts.
If the test reveals that the technical provisions are inadequate, the deficiency is recognized in the income statement. It may subsequently be reversed, where appropriate.

Income statement
The income and expenses recognized in respect of the insurance contracts issued by the group are included within "Income from other activities" and "Expenses on other activities". The income and expenses in respect of the insurance entities' proprietary activities are recognized under the headings relating to them.

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".

Basis of consolidation

Goodwill
In accordance with IFRS 3R, when CIC acquires a controlling interest in a new entity, said entity's identifiable assets, liabilities and contingent liabilities that meet the criteria for recognition under IFRS are measured at fair value at the acquisition date, with the exception of non-current assets classified as assets held for sale, which are recognized at the lower of fair value net of selling costs and their carrying amount. IFRS 3R permits the recognition of full goodwill or partial goodwill and the choice of method is made separately for each business combination. In the case of full goodwill, non-controlling interests are measured at fair value, whereas in the case of partial goodwill, they are measured based on their share of the values attributed to the assets and liabilities of the acquired entity. If goodwill is positive, it is recognized as an asset and, if negative, it is recognized immediately in the income statement under "Positive net effect of business combinations".
If the group's stake in an entity it already controls, and which it continues to control, increases/decreases, the difference between the acquisition cost/selling price of the stock and the portion of consolidated equity that said stock represents 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 losses – 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.

Fair value adjustments
At the date of acquisition of a controlling interest in a new entity, the related assets, liabilities and contingent liabilities related to operations are measured at fair value. Fair value adjustments, corresponding to the difference between the carrying amount and fair value, are recognized in the consolidated financial statements.

Intercompany transactions and balances
Intercompany transactions and balances as well as gains on intercompany sales are eliminated whenever the amounts involved are material with regard to the consolidated financial statements.
Intercompany receivables, payables, reciprocal commitments, and income and expenses between fully or proportionally consolidated companies are also eliminated.

Foreign currency translation
The statements of financial position of foreign subsidiaries 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 "Cumulative translation adjustment". The income statements of foreign subsidiaries are translated into euros at the average exchange rate for the year, and the resulting differences are recorded under "Cumulative translation adjustment".
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.

Non-controlling interests
Non-controlling interests correspond to interests that do not confer control as defined by IAS 27 and include partnership interests that entitle their holders to a share in the net assets in the event of liquidation and other equity instruments issued by subsidiaries that are not held by the group.

Consolidation scope
Companies that are controlled exclusively by CIC are fully consolidated. Exclusive control is considered as being exercised in cases where the group holds a majority of the stock, 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, management board or supervisory board, or when the group exercises a dominant influence.
Special purpose entities (SPE) are consolidated if they meet the conditions for consolidation set out in SIC 12 (where the entity's 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).
Entities controlled exclusively by the group are included in the scope when their full consolidation individually affects at least 1% of the main consolidated statement of financial position and income statement items. Subsidiaries that are not consolidated must represent on aggregate less than 5% of the main consolidated statement of financial position and income statement items. However, smaller entities may be included in the consolidated group if (i) CIC considers they represent a strategic investment; (ii) one of their core businesses is the same as that of the group; or (iii) they hold stock in consolidated companies.
Companies over which the group exercises significant influence are accounted for using the equity method (associates). Significant influence is considered as being exercised in cases where CIC holds at least 20% of the voting rights, directly or indirectly.
Companies that are 20%-50% owned by the group's private equity businesses and over which the group has joint control or exercises significant influence are excluded from the scope of consolidation and accounted for under the fair value option.

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Note 2: Consolidation scope

Newly-consolidated company:
- Lafayette CLO 1 Ltd.

Mergers:
- CM-CIC Laviolette Financement with Factocic, which then changed its name to CM-CIC Factor;
- Pasche International Holding Ltd was absorbed by Pasche Finance.

Dissolutions:
- Pasche Fund Management Ltd;
- Pasche SA Montevideo;
- Serficom Investment Consulting (Shanghaï) Ltd;
- Serficom Maroc Sarl.

Company	Currency		2012			2011		
			Percentage		Method	Percentage		Method
			Voting rights	Interest	*	Voting rights	Interest	*
Consolidating company: CIC								
A. Banking network								
Regional banks								
CIC Est		(i)	100	100	FC	100	100	FC
CIC Lyonnaise de Banque		(i)	100	100	FC	100	100	FC
CIC Nord Ouest		(i)	100	100	FC	100	100	FC
CIC Ouest		(i)	100	100	FC	100	100	FC
CIC Sud Ouest		(i)	100	100	FC	100	100	FC
B. Banking network subsidiaries								
Banca Popolare di Milano [1]			7	7	EM	7	7	EM
CM-CIC Asset Management			24	24	EM	24	24	EM
CM-CIC Bail		(i)	99	99	FC	99	99	FC
CM-CIC Epargne Salariale		(i)	100	100	FC	100	100	FC
CM-CIC Factor		(i)	96	96	FC	96	96	FC
CM-CIC Gestion		(i)	100	100	FC	100	100	FC
CM-CIC Laviolette Financement					MER	100	96	FC
CM-CIC Lease			54	54	FC	54	54	FC
CM-CIC Leasing Benelux			100	99	FC	100	99	FC
CM-CIC Leasing GMBH			100	99	FC	100	99	FC
Saint-Pierre SNC		(i)	100	100	FC	100	100	FC
Sofim		(i)	100	100	FC	100	100	FC
C. Financing and capital markets								
Cigogne Management			60	60	FC	60	54	FC
CM-CIC Securities		(i)	100	100	FC	100	100	FC
Diversified Debt Securities SICAV - SIF			100	100	FC	100	72	FC
Divhold			100	100	FC	100	72	FC
Lafayette CLO 1 Ltd			100	100	FC			

(1) Fondazione Cassa di Risparmio di Alessandria and CIC both have the status of strategic partner and automatically have a seat on the supervisory board and on the appointments committee. As a result, CIC is deemed to have significant influence over the company, which is therefore accounted for under the equity method.

Company	Currency		2012 Voting rights	2012 Percentage Interest	2012 Method *	2011 Voting rights	2011 Percentage Interest	2011 Method *
D. Private banking								
Banque CIC (Suisse)	CHF		100	100	FC	100	100	FC
Banque de Luxembourg			100	100	FC	72	72	FC
CIC Banque Transatlantique		(i)	100	100	FC	100	100	FC
Banque Transatlantique Belgium			100	99	FC	100	99	FC
Banque Transatlantique Luxembourg			100	100	FC	60	60	FC
Banque Transatlantique Singapore Private Ltd	SGD		100	100	FC	100	100	FC
Dubly-Douilhet			63	63	FC	63	63	FC
Transatlantique Gestion		(i)	100	100	FC	100	100	FC
Groupe Banque Pasche								
Banque Pasche	CHF		100	100	FC	100	100	FC
Agefor SA	CHF		70	70	FC	70	70	FC
Alternative Gestion SA	CHF		45	62	EM	45	62	EM
Banque Pasche (Liechtenstein) AG	CHF		53	53	FC	53	53	FC
Banque Pasche Monaco SAM			100	100	FC	100	100	FC
Calypso Management Company	USD		70	70	FC	70	70	FC
LRM Advisory SA	USD		70	70	FC	70	70	FC
Pasche Bank & Trust Ltd	CHF		100	100	FC	100	100	FC
Pasche Finance SA	CHF		100	100	FC	100	100	FC
Pasche Fund Management Ltd	USD				NC	100	100	FC
Pasche International Holding Ltd	CHF				MER	100	100	FC
Pasche SA Montevideo	UYU				NC	100	100	FC
Serficom Brasil Gestao de Recursos Ltda	BRL		50	50	FC	50	50	FC
Serficom Family Office Brasil Gestao de Recursos Ltda	BRL		52	52	FC	52	52	FC
Serficom Family Office Inc	USD		100	100	FC	100	100	FC
Serficom Family Office SA	CHF		100	100	FC	100	100	FC
Serficom Investment Consulting (Shanghaï) Ltd	RMB				NC	100	100	FC
Serficom Maroc Sarl	MAD				NC	100	100	FC
Valeroso Management Ltd	USD		100	100	FC	100	100	FC
E. Private equity								
CM-CIC Capital Finance		(i)	100	100	FC	100	100	FC
CM-CIC Capital Innovation			100	100	FC	100	100	FC
CM-CIC Conseil			100	100	FC	100	100	FC
CM-CIC Investissement			100	100	FC	100	100	FC
Sudinnova			66	66	FC	66	66	FC

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Company	Currency		2012 Voting rights	2012 Percentage Interest	2012 Method *	2011 Voting rights	2011 Percentage Interest	2011 Method *
F. HQ, holding company services and logistics								
Adepi		(i)	100	100	FC	100	100	FC
CIC Migrations		(i)	100	100	FC	100	100	FC
CIC Participations		(i)	100	100	FC	100	100	FC
Cicor		(i)	100	100	FC	100	100	FC
Cicoval		(i)	100	100	FC	100	100	FC
Efsa		(i)	100	100	FC	100	100	FC
Gesteurop		(i)	100	100	FC	100	100	FC
Gestunion 2		(i)	100	100	FC	100	100	FC
Gestunion 3		(i)	100	100	FC	100	100	FC
Gestunion 4		(i)	100	100	FC	100	100	FC
Impex Finance		(i)	100	100	FC	100	100	FC
Marsovalor		(i)	100	100	FC	100	100	FC
Pargestion 2		(i)	100	100	FC	100	100	FC
Pargestion 4		(i)	100	100	FC	100	100	FC
Placinvest		(i)	100	100	FC	100	100	FC
Sofiholding 2		(i)	100	100	FC	100	100	FC
Sofiholding 3		(i)	100	100	FC	100	100	FC
Sofiholding 4		(i)	100	100	FC	100	100	FC
Sofinaction		(i)	100	100	FC	100	100	FC
Ufigestion 2		(i)	100	100	FC	100	100	FC
Ugépar Service		(i)	100	100	FC	100	100	FC
Valimar 2		(i)	100	100	FC	100	100	FC
Valimar 4		(i)	100	100	FC	100	100	FC
VTP1		(i)	100	100	FC	100	100	FC
VTP5		(i)	100	100	FC	100	100	FC
G. Insurance companies								
Groupe des Assurances du Crédit Mutuel (GACM)**			21	21	EM	21	21	EM

* Method: FC = full consolidation; EM = equity method; NC = not consolidated; MER = merged.
** Based on the consolidated financial statements.
(i) = Members of the tax consolidation group set up by CIC.
In connection with its financing business line, CIC owns special purpose entities involved in asset financing. Consolidation of these entities was deemed not to have a material impact on the financial statements.
Information on the group's presence and activities in countries or territories included in the list established by the order of April 4, 2012: the group does not have a presence that meets the criteria defined by the decree dated October 6, 2009.

Note 3: Analysis of statement of financial position and income statement items by business segment and geographic area

Business segment analysis principles:

- Retail banking covers:
  a) the banking network comprised of the regional banks and CIC's network in the Greater Paris region (Ile-de-France);
  b) the specialist business lines whose products are distributed via the banking network. These include equipment leasing, real estate leasing, factoring, third party fund management, employee savings plans and real estate. The insurance business – which is accounted for using the equity method – is included in this business segment.
- Financing and capital markets comprises:
  a) credit facilities for large corporates and institutional customers, specialized financing and international operations;
  b) capital markets operations, comprising investments in activities involving fixed-income instruments, equities and foreign currencies ("ITAC") as well as brokerage services.
- Private banking encompasses all companies engaged primarily in wealth management, both within and outside France.
- Private equity conducts proprietary transactions and includes financial engineering services via dedicated entities. The entire portfolio is accounted for under the fair value option.
- Holding company services include all unallocated activities.

Each consolidated company is included in only one business segment, corresponding to its core business in terms of contribution to the group's results, with the exception of CIC, whose individual accounts are allocated on a cost accounting basis.

Analysis of assets by business segment

	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Dec. 31, 2012						
Cash and amounts due from central banks	312	5,592	750		889	**7,543**
Financial assets at fair value through profit or loss	24	25,858	143	1,784		**27,809**
Derivatives used for hedging purposes	7	106	4			**117**
Available-for-sale financial assets	267	9,539	3,387	20	279	**13,492**
Loans and receivables due from credit institutions[1]	5,127	4,800	7,843	6	15,253	**33,029**
Loans and receivables due from customers	112,465	12,839	7,529		57	**132,890**
Held-to-maturity financial assets	63	2	2			**67**
Investments in associates	1,611				(114)	**1,497**

(1) Of which €11,580 million due from BFCM.

	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Dec. 31, 2011						
Cash and amounts due from central banks	303	1,491	985		961	**3,740**
Financial assets at fair value through profit or loss	26	22,659	150	1,804		**24,639**
Derivatives used for hedging purposes	27	67	4			**98**
Available-for-sale financial assets	309	13,166	3,758	9	327	**17,569**
Loans and receivables due from credit institutions[1]	3,581	10,868	6,818	9	14,327	**35,603**
Loans and receivables due from customers	110,904	14,231	7,124		44	**132,303**
Held-to-maturity financial assets	64	8	6			**78**
Investments in associates	1,466		1		(64)	**1,403**

(1) Of which €19,577 million due from BFCM.

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Analysis of liabilities by business segment

	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Dec. 31, 2012						
Due to central banks			343			**343**
Financial liabilities at fair value through profit or loss	1	26,489	196		7	**26,693**
Derivatives used for hedging purposes	15	1,825	398		2	**2,240**
Due to credit institutions[1]	31,689	10,747	2,011	0	12,958	**57,405**
Due to customers	83,467	7,145	15,758		1,792	**108,162**
Debt securities	2,990	13,964	21		41	**17,016**

(1) Of which €47,012 million due to BFCM.

	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
Dec. 31, 2011						
Due to central banks			282			**282**
Financial liabilities at fair value through profit or loss	3	29,000	133		7	**29,143**
Derivatives used for hedging purposes	29	1,964	460		1	**2,454**
Due to credit institutions[1]	32,841	20,122	2,521		14,092	**69,576**
Due to customers	77,532	6,429	14,610		1,636	**100,207**
Debt securities	3,330	10,051	36		74	**13,491**

(1) Of which €55,396 million due to BFCM.

Analysis of income statement items by business segment

	Retail banking	Financing and capital markets	Private banking	Private equity	Holding company services	Total
2012						
Net banking income/(expense)	3,083	837	464	100	(224)	**4,260**
General operating expenses	(2,245)	(266)	(334)	(34)	(65)	**(2,944)**
Operating income/(loss) before provisions	838	571	130	66	(289)	**1,316**
Net additions to/reversals from provisions for loan losses*	(201)	(90)	(29)		(36)	**(356)**
Net gains on disposals of other assets[1]	106		5		(49)	**62**
Income before tax	743	481	106	66	(374)	**1,022**
2011						
Net banking income/(expense)	3,240	753	431	93	(351)	**4,166**
General operating expenses	(2,166)	(235)	(316)	(34)	(59)	**(2,810)**
Operating income/(loss) before provisions	1,074	518	115	59	(410)	**1,356**
Net additions to/reversals from provisions for loan losses*	(157)	(88)	(43)		(261)	**(549)**
Net gains on disposals of other assets[1]	84		13		(32)	**65**
Income before tax	1,001	430	85	59	(703)	**872**

(1) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill.
* 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 €32 million negative impact on net additions to/reversals from provisions for loan losses, including a €34 million negative impact in the holding company services segment and a €2 million positive impact in the capital markets segment. During 2011, the negative impact of the Greek sovereign debt was €58 million in net banking income and €345 million in net additions to/reversals from provisions for loan losses.

Breakdown of assets by geographic area

	2012				2011			
	France	Europe excluding France	Other countries[1]	Total	France	Europe excluding France	Other countries[1]	Total
Cash and amounts due from central banks	1,201	750	5,592	**7,543**	1,265	986	1,489	**3,740**
Financial assets at fair value through profit or loss	26,553	245	1,011	**27,809**	23,402	252	985	**24,639**
Derivatives used for hedging purposes	105	3	9	**117**	91	5	2	**98**
Available-for-sale financial assets	8,697	4,115	680	**13,492**	12,280	4,471	818	**17,569**
Loans and receivables due from credit institutions	23,886	7,384	1,759	**33,029**	26,816	6,464	2,323	**35,603**
Loans and receivables due from customers	121,843	7,897	3,150	**132,890**	121,130	7,871	3,302	**132,303**
Held-to-maturity financial assets	65	2	0	**67**	72	6	0	**78**
Investments in associates	1,251	246	0	**1,497**	1,157	246	0	**1,403**

Breakdown of liabilities by geographic area

	2012				2011			
	France	Europe excluding France	Other countries[1]	Total	France	Europe excluding France	Other countries[1]	Total
Due to central banks	0	343	0	**343**	0	282	0	**282**
Financial liabilities at fair value through profit or loss	25,772	737	184	**26,693**	28,371	542	230	**29,143**
Derivatives used for hedging purposes	1,797	398	45	**2,240**	1,950	461	43	**2,454**
Due to credit institutions	46,429	3,913	7,063	**57,405**	57,301	4,977	7,298	**69,576**
Due to customers	94,156	13,325	681	**108,162**	87,142	12,455	610	**100,207**
Debt securities	12,569	510	3,937	**17,016**	12,539	464	488	**13,491**

Breakdown of income statement items by geographic area

	2012				2011			
	France	Europe excluding France	Other countries[1]	Total	France	Europe excluding France	Other countries[1]	Total
Net banking income/(expense)	**3,648**	**441**	**171**	**4,260**	**3,511**	**409**	**246**	**4,166**
General operating expenses	(2,599)	(274)	(71)	**(2 ,44)**	(2,486)	(260)	(64)	**(2,810)**
Operating income/(loss) before provisions	**1,049**	**167**	**100**	**1,316**	**1,025**	**149**	**182**	**1,356**
Net additions to/reversals from provisions for loan losses	(259)	(51)	(46)	**(356)**	(488)	(58)	(3)	**(549)**
Net gains on disposals of other assets[2]	64	(2)	(0)	**62**	50	15	0	**65**
Income before tax	**854**	**114**	**54**	**1,022**	**587**	**106**	**179**	**872**

(1) USA and Singapore.
(2) Including net income from associates (companies accounted for using the equity method) and impairment losses on goodwill.

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Notes to the statement of financial position – Assets

Note 4: Cash, amounts due from central banks and loans and receivables due from credit institutions

	Dec. 31, 2012	Dec. 31, 2011
Cash and amounts due from central banks		
Central banks	7,204	3,417
Of which, mandatory reserves	*897*	*969*
Cash	339	323
TOTAL	**7,543**	**3,740**
Cash and amounts due from central banks		
Current accounts	9,540	6,056
Loans	17,878	22,792
Other receivables	1,303	1,255
Securities not quoted on an active market	2,201	3,478
Resale agreements	1,360	1,141
Individually-impaired receivables	925	1,099
Accrued interest	102	92
Provisions	(280)	(310)
TOTAL	**33,029**	**35,603**
Including non-voting loan stock	*161*	*167*
Including subordinated loans[1]	*751*	*750*

(1) Including a €750 million perpetual subordinated loan to BFCM.

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

	Dec. 31, 2012	Dec. 31, 2011
Financial assets at fair value through profit or loss by option	12,249	9,023
Financial assets held for trading	15,560	15,616
TOTAL	**27,809**	**24,639**

Note 5a: Financial assets accounted for under the fair value option

	Dec. 31, 2012	Dec. 31, 2011
Securities		
Government securities	0	2
Bonds and other fixed-income securities		
- Quoted	67	83
- Not quoted	0	0
Equities and other variable-income securities[1]		
- Quoted	162	144
- Not quoted	1,708	1,696
Derivatives held for trading	0	0
Other financial assets		
- Resale agreements	10,312	7,096
- Other loans and term deposits	0	2
Total	**12,249**	**9,023**

(1) Securities relating to the private equity business are measured at fair value through profit or loss and represent almost all of this line.

Note 5b: Financial assets held for trading

	Dec. 31, 2012	Dec. 31, 2011
Securities		
Government securities	1,644	1,410
Bonds and other fixed-income securities		
- Quoted	11,181	11,305
- Not quoted	0	0
Equities and other variable-income securities		
- Quoted	317	473
- Not quoted	0	0
Derivatives held for trading	2,418	2,428
TOTAL	**15,560**	**15,616**

Financial assets held for trading relate to financial assets held in connection with capital markets activities.

Note 5c: Analysis of derivative instruments

	Dec. 31, 2012			Dec. 31, 2011		
	Notional amount	Assets	Liabilities	Notional amount	Assets	Liabilities
Derivatives held for trading						
Interest rate derivatives						
- Swaps	203,556	1,637	4,286	249,290	1,462	3,902
- Futures and forward contracts	13,044	4	2	6,975	4	1
- Options	22,703	81	71	31,191	99	88
Foreign currency derivatives						
- Swaps	64,387	20	71	73,654	41	77
- Futures and forward contracts	10,813	394	391	17,071	168	116
- Options	16,193	52	51	17,493	194	194
Other derivatives						
- Swaps	13,553	74	138	16,567	368	242
- Futures and forward contracts	1,744	0	0	1,951	0	0
- Options	4,546	156	159	785	92	45
Sub-total	**350,539**	**2,418**	**5,169**	**414,977**	**2,428**	**4,665**
Derivatives used for hedging purposes						
Derivatives designated as fair value hedges						
- Swaps	10,034	114	2,208	14,479	95	2,423
- Futures and forward contracts	0	0	0	0	0	0
- Options	1	0		1	0	
Derivatives designated as cash flow hedges						
- Swaps	165	3	32	157	3	31
- Futures and forward contracts	0			0		
- Options	0	0		0	0	
Sub-total	**10,200**	**117**	**2,240**	**14,637**	**98**	**2,454**
TOTAL	**360,739**	**2,535**	**7,409**	**429,614**	**2,526**	**7,119**

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Note 5d: Fair value hierarchy

Dec. 31, 2012	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale (AFS)				
- Government securities and similar instruments	8,815	32	0	8,847
- Bonds and other fixed-income securities	3,703	250	76	4,029
- Equities, portfolio activity securities and other variable-income securities	53	0	98	151
- Investments and other long-term securities	69	7	185	261
- Investments in non-consolidated equity interests	0	18	186	204
Trading / Fair value by option				
- Government securities and similar instruments – Trading	1,558	86	0	1,644
- Government securities and similar instruments – Fair value by option	0	0	0	0
- Bonds and other fixed-income securities – Trading	10,124	664	393	11,181
- Bonds and other fixed-income securities – Fair value by option	63	0	4	67
- Equities and other variable-income securities – Trading	307	0	10	317
- Equities and other variable-income securities – Fair value by option	116	0	1,754	1,870
- Loans and receivables due from credit institutions – Fair value by option	0	5,802	0	5,802
- Loans and receivables due from customers – Fair value by option	0	4,510	0	4,510
- Derivatives and other financial assets – Trading	37	2,281	100	2,418
Derivatives used for hedging purposes	0	114	3	117
TOTAL	**24,845**	**13,764**	**2,809**	**41,418**

Financial liabilities				
Trading / Fair value by option				
- Due to credit institutions – Fair value by option	0	18,880	0	18,880
- Due to customers – Fair value by option	0	604	0	604
- Debt securities – Fair value by option	0	24	0	24
- Subordinated notes – Fair value by option	0	0	0	0
- Derivatives and other financial liabilities – Trading	2,082	5,015	88	7,185
Derivatives used for hedging purposes	0	2,208	32	2,240
TOTAL	**2,082**	**26,731**	**120**	**28,933**

Level 1: use of market price. For capital markets activities, this concerns debt securities that are quoted by at least four contributors and derivatives quoted on an organized market.

Level 2: use of valuation techniques based mainly on observable data – includes, for capital markets activities, debt securities that are quoted by two contributors and over-the-counter derivatives not included in level 3.

Level 3: use of valuation techniques based mainly on non-observable data – includes unquoted equities and, for capital markets activities, debt securities that are quoted by a single contributor and derivatives valued mainly using non-observable parameters.

Breakdown of level 3 – Equities and other variable-income securities – Fair value by option

	Jan. 1, 2012	Purchases	Sales	Gains and losses recorded in profit and loss	Other movements	Dec. 31, 2012
Equities and other variable-income securities – Fair value by option	1,731	330	(376)	60	9	**1,754**

Dec. 31, 2011	Level 1	Level 2	Level 3	Total
Financial assets				
Available for sale (AFS)				
- Government securities and similar instruments	11,526	275	0	11,801
- Bonds and other fixed-income securities	4,029	724	289	5,042
- Equities, portfolio activity securities and other variable-income securities	73	0	125	198
- Investments and other long-term securities	177	7	175	359
- Investments in non-consolidated equity interests	0	22	147	169
Trading / Fair value by option				
- Government securities and similar instruments – Trading	1,095	315	0	1,410
- Government securities and similar instruments – Fair value by option	2	0	0	2
- Bonds and other fixed-income securities – Trading	9,005	1,384	916	11,305
- Bonds and other fixed-income securities – Fair value by option	83	0	0	83
- Equities and other variable-income securities – Trading	459	0	14	473
- Equities and other variable-income securities – Fair value by option	109	0	1,731	1,840
- Loans and receivables due from credit institutions – Fair value by option	0	2,790	0	2,790
- Loans and receivables due from customers – Fair value by option	0	4,308	0	4,308
- Derivatives and other financial assets – Trading	30	2,254	144	2,428
Derivatives used for hedging purposes	0	95	3	98
TOTAL	**26,588**	**12,174**	**3,544**	**42,306**

Financial liabilities				
Trading / Fair value by option				
- Due to credit institutions – Fair value by option	0	21,913	0	21,913
- Due to customers – Fair value by option	0	615	0	615
- Debt securities – Fair value by option	0	60	0	60
- Subordinated notes – Fair value by option	0	0	0	0
- Derivatives and other financial liabilities – Trading	1,929	4,575	51	6,555
Derivatives used for hedging purposes	0	2,423	31	2,454
TOTAL	**1,929**	**29,586**	**82**	**31,597**

Note 6: Derivatives used for hedging purposes

	Dec. 31, 2012		Dec. 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Derivatives designated as cash flow hedges	3	32	3	31
Of which, changes in value recognized in equity	*3*	*32*	*3*	*31*
Of which, changes in value recognized in income				
Derivatives designated as fair value hedges	114	2,208	95	2,423
TOTAL	**117**	**2,240**	**98**	**2,454**

A fair value hedge is a hedge of the exposure to changes in the fair value of a financial instrument attributable to a specific risk. Changes in the fair value of the hedging instrument and the hedged item, for the portion attributable to the risk being hedged, are taken to income.

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Note 7: Available-for-sale financial assets

	2012	2011
Government securities	8,746	11,648
Bonds and other fixed-income securities		
- Quoted	3,592	4,530
- Not quoted	414	477
Equities and other variable-income securities		
- Quoted	63	145
- Not quoted	93	57
Long-term investments		
- Investments in non-consolidated companies		
Quoted	59	52
Not quoted	67	64
- Other long-term securities		
Quoted	3	110
Not quoted	128	130
- Investments in non-consolidated equity interests		
Quoted	(0)	0
Not quoted	199	165
- Translation adjustment	0	0
- Securities loaned	4	3
Accrued interest	124	188
TOTAL	**13,492**	**17,569**
Of which, unrealized gains and losses (net of tax) on bonds and other fixed-income securities and on government securities	*(429)*	*(1,134)*
Of which, unrealized gains and losses (net of tax) on equities and other variable-income securities and on long-term investments	*90*	*71*
Of which, impairment of bonds and other fixed-income securities	*(25)*	*(15)*
Of which, impairment of equities and other variable-income securities and of long-term investments	*(81)*	*(414)*

Long-term investments mainly comprise the stock in Foncière des Régions (€57 million), which is included within investments in non-consolidated companies.

Impairment of equities

Equity holdings were reviewed in order to identify any impairment losses. Impairment provisions are raised for quoted equities in the event of a significant (a decrease of at least 50% in its value compared with its acquisition cost) or prolonged (36-month) decline of the stock price to below its cost.
As regards impairment losses and reversals of such losses recognized in the income statement, in 2012 there were net reversals of €332 million compared with net losses of €110 million in 2011.
At December 31, 2012, the cost of impaired equities came to €131 million and the corresponding impairment amounted to €81 million. They had a market value of €50 million.

Note 7a: List of main investments in non-consolidated companies

		% held	Equity	Total assets	Net banking income or sales	Net income
Foncière des Régions	Quoted	< 5%	6,040	14,642	752	**469**
Crédit Logement	Not quoted	< 5%	1,463	9,881	207	**89**

The figures above relate to fiscal year 2011 (except those for the percentage interest held).

Note 7b: Exposures to sovereign risk

The securities issued by the Greek government were contributed to the exchange offer under the Private Sector Involvement (PSI) plan. The securities received in exchange were sold on the market. At December 31, 2012, there was no longer any exposure to the Greek government. This transaction resulted in a €30 million loss (including €32 million in net additions to/reversals from provisions for loan losses).
The Irish and Portuguese governments benefited from European Union and IMF support: the worsening of their public accounts prevented them from raising the finance they needed due to market mistrust. At this point in time, the projected recovery of the debt of these two governments does not seem to be in jeopardy and the recognition of an impairment loss is not therefore justified.

Sovereign exposures

Net outstandings as per the financial statements at December 31, 2012*/**	Portugal	Ireland	Spain	Italy
Financial assets at fair value through profit or loss			204	39
Available-for-sale financial assets	63	85	16	3,472
TOTAL	**63**	**85**	**220**	**3,511**
Residual contractual term				
Less than 1 year			81	30
1 to 3 years	13		81	2,645
3 to 5 years			29	206
5 to 10 years	50	85	13	382
More than 10 years			16	248
TOTAL	**63**	**85**	**220**	**3,511**

Net outstandings as per the financial statements at December 31, 2011	Portugal	Ireland	Spain	Italy
Financial assets at fair value through profit or loss	50		131	99
Available-for-sale financial assets	92	85	80	4,396
TOTAL	**142**	**85**	**211**	**4,495**
Residual contractual term				
Less than 1 year	39		66	1,266
1 to 3 years	20		28	2,076
3 to 5 years	29		19	375
5 to 10 years	54	85	17	545
More than 10 years			81	233
TOTAL	**142**	**85**	**211**	**4,495**

* At market value for capital markets activities; at nominal value for other business lines.
** Outstandings net of CDS used to purchase protection.

Movements between December 31, 2011 and December 31, 2012 were due to redemptions of securities that had matured, to changes in value during the year and, to a lesser extent, to certain purchases and sales, bearing in mind that purchases and sales of trading securities may have been more frequent.
There were no CDS used to sell protection in respect of these exposures.

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Note 8: Loans and receivables due from customers

	Dec. 31, 2012	Dec. 31, 2011
Performing loans		
Commercial loans	3,879	4,031
Of which, factoring accounts	*2,456*	*2,197*
- Other loans and receivables		
- Home loans	62,294	62,023
- Other loans and miscellaneous receivables	54,726	54,519
- Resale agreements	794	732
Accrued interest	249	271
Securities not quoted in an active market	245	371
Individually-impaired receivables	4,703	4,624
Individual impairment	(2,497)	(2,470)
Collective impairment	(143)	(129)
Sub-total	**124,250**	**123,972**
Finance leases (net investment)		
- Equipment	5,253	5,274
- Real estate	3,144	3,018
Individually-impaired receivables	373	181
Individual impairment	(130)	(142)
Sub-total	**8,640**	**8,331**
TOTAL	**132,890**	**132,303**
Including non-voting loan stock	*11*	*9*
Including subordinated loans	*13*	*12*

Finance lease transactions

	Jan. 1, 2012	Acquisitions	Disposals	Other	Dec. 31, 2012
Gross	8,473	1,716	(1,383)	(36)	8,770
Impairment of non-recoverable lease payments	(142)	(26)	38	0	(130)
Net	**8,331**	**1,690**	**(1,345)**	**(36)**	**8,640**

Maturity analysis of minimum future lease payments receivable under finance leases

	1 year or less	More than 1 year and less than 5 years	More than 5 years	Total
Minimum future lease payments receivable	2,698	4,704	1,831	9,233
Present value of future lease payments	2,529	4,501	1,820	8,850
Unearned finance income	**169**	**203**	**11**	**383**

Note 9: Remeasurement adjustment on interest rate risk hedged portfolios

	Dec. 31, 2012		Dec. 31, 2011			
	Assets	Liabilities	Assets	Liabilities	Change in fair value	
Fair value of portfolio interest rate risk	884	(1,260)	755	(1,037)	129	(223)

Note 10: Held-to-maturity financial assets

	Dec. 31, 2012	Dec. 31, 2011
Government securities	0	0
Bonds and other fixed-income securities	81	91
Accrued interest	0	0
TOTAL GROSS	**81**	**91**
Provisions for impairment	(14)	(13)
TOTAL NET	**67**	**78**

Note 10a: Movements in provisions for impairment

	Jan. 1, 2012	Additions	Reversals	Other	Dec. 31, 2012
Loans and receivables due from credit institutions	(310)	(15)	40	5	(280)
Loans and receivables due from customers	(2,741)	(660)	631	(0)	(2,770)
Available-for-sale securities	(429)	(25)	347	1	(106)
Held-to-maturity securities	(13)	(0)	0	(1)	(14)
TOTAL	**(3,493)**	**(700)**	**1,018**	**5**	**(3,170)**

Note 10b: Financial instruments – Reclassifications

Pursuant to the revised accounting regulations and in the rare situation of a market that was in total disarray, on July 1, 2008, CIC transferred €18.8 billion of assets from the trading portfolio into the available-for-sale portfolio (€16.1 billion) and into the loans and receivables portfolio (€2.7 billion), and €5.5 billion from the available-for-sale portfolio into the loans and receivables portfolio.

	Dec. 31, 2012	Dec. 31, 2011
Carrying amount of assets reclassified	**8,277**	**11,763**
Loans and receivables portfolio	2,788	4,350
AFS portfolio	5,489	7,413
Fair value of assets reclassified	**8,292**	**11,488**
Loans and receivables portfolio	2,800	4,074
AFS portfolio	5,492	7,414

	Dec. 31, 2012	Dec. 31, 2011
Gains/(losses) that would have been recognized in the income statement at fair value if the assets had not been reclassified	638	(167)
Unrealized gains/(losses) that would have been recognized in equity if the assets had not been reclassified	(523)	47
Gains/(losses) recognized in income (net banking income and net additions to/reversals from provisions for loan losses) relating to reclassified assets	89	(8)

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Note 10c: Details of securitization outstandings

As requested by the banking supervisor and the markets regulator, an analysis is provided below of exposures linked to the financial crisis.
The trading and AFS portfolios were valued at market price based on external data sourced from organized markets, leading brokers or, when no price was available, based on comparable securities quoted in the market.

Summary	Dec. 31, 2012	Dec. 31, 2011
RMBS	2,391	3,985
CMBS	333	366
CLO	943	1,522
Other ABS	731	897
CLO hedged by CDS	833	721
Other ABS hedged by CDS	25	28
ABCP program liquidity lines	351	351
TOTAL	**5,607**	**7,870**

Unless otherwise indicated, securities are not hedged by CDS.

Exposures: Residential mortgage-backed securities (RMBS), commercial mortgage-backed securities (CMBS), collateralized loan obligations (CLO) and other asset-backed securities (ABS)

Dec. 31, 2012	RMBS	CMBS	CLO	Other ABS	Total
Trading	921	269	15	505	1,710
AFS	478	64	29	75	646
Loans	992		899	151	2,042
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
France	1	2		519	522
Spain	105			68	173
United Kingdom	244			47	291
Europe excluding France, Spain and the United Kingdom	706	64	664	72	1,506
USA	1,232	267	279	25	1,803
Other	103				103
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
US Agencies	447				447
AAA	546	259	383	462	1,650
AA	239		488	53	780
A	188	10	47	150	395
BBB	66	64	12	19	161
BB	101		13		114
B or below	804			47	851
Not rated					
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**
Origination 2005 and earlier	400	98		28	526
Origination 2006	508	60	180	45	793
Origination 2007	746	175	418	60	1,399
Origination since 2008	737	0	345	598	1,680
TOTAL	**2,391**	**333**	**943**	**731**	**4,398**

Dec. 31, 2011	RMBS	CMBS	CLO	Other ABS	Total
Trading	1,173	353	26	366	1,918
AFS	966	13	192	227	1,398
Loans	1,846	0	1,304	304	3,454
TOTAL	**3,985**	**366**	**1,522**	**897**	**6,770**
France	14	2	0	354	370
Spain	305	0	0	206	511
United Kingdom	413	30	0	52	495
Europe excluding France, Spain and the United Kingdom	1,306	0	694	144	2,144
USA	1,795	321	828	120	3,064
Other	152	13	0	21	186
TOTAL	**3,985**	**366**	**1,522**	**897**	**6,770**
US Agencies	521	0	0	0	521
AAA	1,560	303	716	421	3,000
AA	187	30	717	107	1,041
A	242	23	51	98	414
BBB	145	2	26	121	294
BB	119	0	12	20	151
B or below	1,211	8	0	130	1,349
Not rated					0
TOTAL	**3,985**	**366**	**1,522**	**897**	**6,770**
Origination 2005 and earlier	943	28	39	207	1,217
Origination 2006	1,153	119	574	112	1,958
Origination 2007	1,125	174	550	183	2,032
Origination since 2008	764	45	359	395	1,563
TOTAL	**3,985**	**366**	**1,522**	**897**	**6,770**

Note 11: Current or payable taxes

	Dec. 31, 2012	Dec. 31, 2011
Assets	459	623
Liabilities	224	209

Current income tax expense is calculated based on the tax rules and tax rates applicable in each country where the group has operations for the period in which the related revenue was earned.

Note 12: Deferred taxes

	Dec. 31, 2012	Dec. 31, 2011
Deferred tax assets dealt with through the income statement(1)	370	438
Deferred tax assets dealt with through equity	234	542
Deferred tax liabilities dealt with through the income statement	239	212
Deferred tax liabilities dealt with through equity	6	12

(1) Of which €85 million relates to CIC New York.

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Analysis of deferred taxes (income statement) by major category

	Dec. 31, 2012		Dec. 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Temporary differences on:				
Provisions	216		288	
Finance leasing reserves		(144)		(136)
Income from flow-through entities		(1)		(4)
Remeasurement of financial instruments	734	(752)	859	(952)
Accrued expenses and accrued income	53		58	
Tax losses carried forward[1]	50		122	
Other temporary differences	9	(34)	26	(35)
Netting	(692)	692	**(915)**	**915**
TOTAL	**370**	**(239)**	**438**	**(212)**

(1) Of which, in respect of the United States: €50 million at December 31, 2012 and €122 million at December 31, 2011.

The amount of tax losses carried forward in the USA which are recognized as an asset is limited to ten years of future profits. The recognition of a deferred tax asset based on the use of tax losses carried forward is tested for impairment on an annual basis. Deferred taxes are calculated using the liability method. Tax losses are a source of deferred tax assets to the extent that they have a high probability of recovery. The deferred tax rate for the French companies is 36.10%, corresponding to the statutory tax rate.

Note 13: Accruals and other assets

	Dec. 31, 2012	Dec. 31, 2011
Accruals		
Collection accounts	81	175
Currency adjustment accounts	33	12
Accrued income	350	390
Other accruals	1,622	1,172
Sub-total	**2,086**	**1,749**
Other assets		
Securities settlement accounts	58	95
Security deposits paid	7,371	6,764
Miscellaneous receivables	5,903	4,911
Inventories and similar	2	2
Other	26	8
Sub-total	**13,360**	**11,780**
TOTAL	**15,446**	**13,529**

Accruals and miscellaneous receivables consist mainly of suspense accounts relating to interbank payment systems, in particular SIT.
Accrued expenses and accrued income consist of payroll costs and general operating expenses, but do not include accrued interest not yet due on loans and borrowings, which is recognized as related accrued interest.

Note 14: Investments in associates

Share of net assets of associates

	Dec. 31, 2012			Dec. 31, 2011		
	Share of capital held	Reserves	Net income	Share of capital held	Reserves	Net income
Groupe ACM[1] – Not quoted	20.52%	1,246	108	20.52%	1,132	78
Banca Popolare di Milano – Quoted	6.60%	189	(57)	6.60%	212	(31)
CM-CIC Asset Management – Not quoted	23.53%	11		23.53%	10	1
Alternative Gestion SA Genève – Not quoted	62.00%			62.00%	1	
TOTAL		**1,446**	**51**		**1,355**	**48**

(1) Comprises goodwill of €54 million.

Financial data published by the group's main associates

	Total assets	Net banking income	Net income
Groupe ACM	64,262	874	402
Banca Popolare di Milano	51,931	1,352	(621)
CM-CIC Asset Management	67	51	3

The above figures relate to fiscal year 2011.

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

The group's investment in BPM is consolidated using the equity method given CIC's significant influence over the bank, which is due to the fact that, in its capacity as a strategic partner, it has a seat on the board and is a member of the executive committee and finance committee. Its carrying amount in the consolidated financial statements is, as a result, the group's share of the net worth calculated in accordance with IFRS (which may not, however, exceed the value in use). The value in use was determined using the discounted dividend method (DDM), which involves discounting the future distributable earnings over a long period, said earnings being based on forecast accounting profits reduced by the amount put aside to comply with regulatory constraints concerning capital adequacy.

The forecast earnings used were those disclosed in the July 24, 2012 business plan, this being the most recent information available. The discount rate used was based on the risk-free long-term interest rate to which was added a premium based on the volatility of BPM stock. This resulted in a value in use of 62 cents per BPM stock unit. Analysis of the sensitivity to the main parameters used in the model, and to the discount rate in particular, indicated that a 100 basis point increase in the rate would result in an 11% decrease in the value in use.

On the basis of this valuation, the carrying amount to be recognized in the group's consolidated financial statements, calculated using the equity method, totaled €132 million after impairment.

By way of reminder, the closing price of the BPM stock on the Milan stock exchange was 45 cents on December 31, 2012 and the opening price on February 26, 2013 was 51 cents. The stock market value of the group's stake in BPM was €96 million at December 31, 2012 and €109 million at February 26, 2013. At September 30, 2012, according to the consolidated financial statements drawn up in accordance with IFRS, BPM had total assets of €52,439 million and equity of €4,270 million, including a net loss for the first nine months of 2012 of €106 million.

During 2012, the group recognized in the income statement, in addition to its share in BPM's loss for the period totaling €8 million, the impairment loss generated by the value in use, which came to a negative €49 million, under the heading "Share of income/(loss) of associates".

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Note 15: Investment property

	Jan. 1, 2012	Increases	Decreases	Other movements	Dec. 31, 2012
Historical cost	**40**	**7**	**(3)**	**0**	**44**
Depreciation and impairment	(17)	(1)	2	(0)	(16)
Net	**23**	**6**	**(1)**	**0**	**28**

The fair value of investment property carried at cost is comparable to its carrying amount.

Note 16: Property and equipment

	Jan. 1, 2012	Increases	Decreases	Other movements	Dec. 31, 2012
Historical cost					
Land used in operations	349	1	(5)	0	345
Buildings used in operations	2,374	86	(25)	0	2,435
Other property and equipment	597	44	(36)	(0)	605
TOTAL	**3,320**	**131**	**(66)**	**0**	**3,385**
Depreciation and impairment					
Land used in operations	0	0	0	0	0
Buildings used in operations	(1,265)	(117)	20	(1)	(1,363)
Other property and equipment	(467)	(31)	17	1	(480)
TOTAL	**(1,732)**	**(148)**	**37**	**0**	**(1,843)**
Net	**1,588**	**(17)**	**(29)**	**0**	**1,542**

Note 17: Intangible assets

	Jan. 1, 2012	Increases	Decreases	Other movements	Dec. 31, 2012
Historical cost					
Internally developed intangible assets	1	0	(1)	0	0
Purchased intangible assets	411	11	(13)	1	410
- Software	*101*	*5*	*(10)*	*0*	*96*
- Other	*310*	*6*	*(3)*	*1*	*314*
TOTAL	**412**	**11**	**(14)**	**1**	**410**
Amortization and impairment					
Internally developed intangible assets	(1)	(0)	0	1	(0)
Purchased intangible assets	(146)	(38)	12	(1)	(173)
- Software	*(48)*	*(13)*	*11*	*(0)*	*(50)*
- Other	*(98)*	*(25)*	*1*	*(1)*	*(123)*
TOTAL	**(147)**	**(38)**	**12**	**0**	**(173)**
Net	**265**	**(27)**	**(2)**	**1**	**237**

Note 18: Goodwill

	Jan. 1, 2012	Increases	Decreases	Other movements[1]	Dec. 31, 2012
Gross value	87	(0)	0	1	88
Impairment	0	0	0	0	0
Carrying amount	**87**	**(0)**	**0**	**1**	**88**

(1) Other movements resulted from the change in exchange rates.

Goodwill is tested for impairment on an annual basis.

	Jan. 1, 2012	Increases	Decreases	Other movements	Dec. 31, 2012
CIC Banque Transatlantique	6				6
Banque Pasche	55			1	56
Transatlantique Gestion	5				5
CM-CIC Investissement	21				21
TOTAL	**87**	**0**	**0**	**1**	**88**

Notes to the statement of financial position – Liabilities

Note 19: Due to central banks – Due to credit institutions

	Dec. 31, 2012	Dec. 31, 2011
Central banks	343	282
Due to credit institutions		
Current accounts	846	4,821
Other borrowings[1]	54,459	61,308
Repurchase agreements	1,937	3,214
Accrued interest	163	233
TOTAL	**57,405**	**69,576**

(1) Including €45,731 million due to BFCM at December 31, 2012 and €52,052 million at December 31, 2011.

Note 20: Financial liabilities at fair value through profit or loss

	Dec. 31, 2012	Dec. 31, 2011
Financial liabilities held for trading	7,184	6,555
Financial liabilities accounted for under the fair value option	19,509	22,588
TOTAL	**26,693**	**29,143**

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Note 20a: Financial liabilities held for trading

	Dec. 31, 2012	Dec. 31, 2011
Short sales of securities		
- Government securities	0	0
- Bonds and other fixed-income securities	1,048	641
- Equities and other variable-income securities	458	447
Debts in respect of securities sold under repurchase agreements		
Derivatives held for trading	5,169	4,665
Other financial liabilities held for trading	509	802
- Of which, debts in respect of borrowed securities	*509*	*802*
TOTAL	**7,184**	**6,555**

Note 20b: Financial liabilities accounted for under the fair value option

	Dec. 31, 2012			Dec. 31, 2011		
	Carrying amount	Amount due on maturity	Difference	Carrying amount	Amount due on maturity	Difference
Securities issued	25	25	0	60	60	0
Subordinated notes	0	0	0	0	0	0
Interbank borrowings[1]	18,880	18,877	3	21,913	21,901	13
Amounts due to customers[1]	604	604	(0)	615	615	0
TOTAL	**19,509**	**19,506**	**3**	**22,588**	**22,576**	**13**

(1) The carrying amount of debt securities given under repurchase agreements came to €18,963 million at December 31, 2012 compared with €22,159 million at December 31, 2011.

The assessment of the specific credit risk was not material.

Note 21: Due to customers

	Dec. 31, 2012	Dec. 31, 2011
Regulated savings accounts		
- Demand	25,652	22,843
- Term	7,569	7,331
Accrued interest	3	5
Sub-total	**33,224**	**30,179**
Current accounts	38,488	36,061
Term deposits and borrowings	35,899	33,530
Repurchase agreements	186	151
Accrued interest	365	286
Sub-total	**74,938**	**70,028**
TOTAL	**108,162**	**100,207**

Note 22: Debt securities

	Dec. 31, 2012	Dec. 31, 2011
Retail certificates of deposit	162	90
Interbank instruments and money market securities	15,339	12,162
Bonds	1,439	1,153
Accrued interest	76	86
TOTAL	**17,016**	**13,491**

Note 23: Accruals and other liabilities

	Dec. 31, 2012	Dec. 31, 2011
Accruals		
Accounts unavailable due to recovery procedures	150	442
Currency adjustment accounts	5	348
Accrued expenses	559	489
Deferred income	462	489
Other accruals	7,015	1,354
Sub-total	**8,191**	**3,122**
Other liabilities		
Securities settlement accounts	72	78
Outstanding amounts payable on securities	100	53
Miscellaneous creditors	1,440	1,539
Sub-total	**1,612**	**1,670**
TOTAL	**9,803**	**4,792**

Further details of accruals and other liabilities are provided in note 13.
Currency adjustment accounts correspond to exchange differences on forward exchange transactions.

Note 24: Provisions

	Jan. 1, 2012	Additions	Reversals (utilized provisions)	Reversals (surplus provisions)	Other movements	Dec. 31, 2012
Provisions for counterparty risks						
On signature commitments	115	33	(2)	(45)	0	101
Provision for risk on miscellaneous receivables	15	4	(3)	(2)	(1)	13
Other provisions						
Provisions for retirement costs[1]	126	19	(4)	(4)	74	211
Provisions for claims and litigations	35	5	(1)	(5)	(0)	34
Provision for home savings accounts and plans	43	0	(5)	(18)	0	20
Provision for taxes	64	19	(23)	(19)	9	50
Provisions for miscellaneous contingencies	251	27	(7)	(8)	(4)	259
Other provisions[2]	254	13	14	(26)	(9)	246
TOTAL	**903**	**120**	**(31)**	**(127)**	**69**	**934**

(1) Other movements relate mainly to the early application of IAS 19R as from January 1, 2012 (see note 24a).
(2) Other provisions include provisions set aside in respect of economic interest groupings (EIG) totaling €228 million.

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Note 24a: Retirement and other employee benefits

The decision was taken to apply IAS 19R early as from January 1, 2012.
This had an impact on defined benefit retirement commitments and, more specifically, on retirement bonuses.
The impacts on the additional supplementary retirement plans that are closed have been estimated to be negligible.

Impacts of first-time application

	2011 reported	Impacts of first-time application	2011 restated
Statement of financial position			
Provisions for retirement costs	126	53	179
Deferred tax assets	980	19	999
Equity – attributable to owners of the company			
- Consolidated reserves	7,943	(16)	7,927
- Unrealized gains and losses recognized directly in equity	(967)	(26)	(993)
- Net income for the year	555	8	563
Equity – attributable to non-controlling interests	280		280
Income statement			
Payroll costs	(1,607)	12	(1,595)
Corporate income tax	(293)	(4)	(297)
Net income	579	8	587
Statement of comprehensive income			
Actuarial differences on defined benefit plans	0	(26)	(26)
Total gains and losses recognized directly in equity	(601)	(26)	(627)
Net income and gains and losses recognized directly in equity	(22)	(18)	(40)

	Jan. 1, 2012 restated	Additions	Reversals	Other movements	Dec. 31, 2012
Defined benefit plans not covered by retirement funds					
Retirement bonuses	93	7	(1)	3	102
Top-up payments	47	7	(5)	2	51
Obligations for long-service awards (other long-term benefits)	28	5	(1)	0	32
Sub-total	**168**	**19**	**(7)**	**5**	**185**
Supplementary defined benefit pensions covered by pension funds					
Provision for pension fund shortfalls[1]	11	1	(1)	15	26
Sub-total	**11**	**1**	**(1)**	**15**	**26**
TOTAL	**179**	**20**	**(8)**	**20**	**211**

Assumptions used	2012	2011
Discount rate[2]	2.9%	4.7%
Salary inflation rate[3]	Minimum 1.5%	Minimum 1.8%

(1) The provisions for pension fund shortfalls relate only to the group's foreign entities.
(2) The discount rate used is the yield on long-term bonds issued by top-tier companies, based on the IBOXX index.
(3) The annual increase in salaries is the estimated cumulative future salary inflation rate. It is also based on the age of employees.

Movement in the CIC banks' provision for retirement bonuses

Retirement bonuses	Jan. 1, 2012 restated	Impact of discounting	Financial income	Cost of services rendered	Other including past service cost	Change in actuarial differences	Payment to beneficiaries	Insurance contribu-tions	Dec. 31, 2012
Commitments	181	9		8		24	(11)		211
Insurance policy	100		5			1	(7)	21	120
Sub-total: banks guaranteed by ACM	**81**	**9**	**(5)**	**8**	**0**	**23**	**(4)**	**(21)**	**91**
Other French entities	3								1
Foreign entities	9								10
TOTAL	**93**								**102**

The €9 million change in the provision resulted in a €6 million charge in the income statement for the year and in a €23 million movement in other comprehensive income in respect of the change in actuarial differences.

Additional information for the French entities guaranteed by ACM:

- the term of the commitments is 16 years;
- in respect of the fiscal year ending December 31, 2013, the group expects costs of services rendered of €10 million and financial costs of €6 million.

Analysis of the sensitivity of the commitments to the discount rate

Discount rate	2.4%	2.9%	3.4%
Commitments	222	211	201

Analysis by maturity of retirement bonuses	1 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years	21 to 25 years	26 to 30 years	Over 30 years	Total	Total discounted
Retirement bonuses: expected flows	88	90	81	51	66	88	132	596	211

Breakdown of the ACM insurance policy assets	2012 Debt securities	Equity instruments	Real estate	Other	2011 Debt securities	Equity instruments	Real estate	Other
Assets quoted on an active market	76	39	1	5	58	16	1	24
Assets not quoted on an active market		1	1			1	1	
TOTAL	**76**	**40**	**2**	**5**	**58**	**17**	**2**	**24**

The assets are valued at fair value.

Defined contribution retirement benefits

Provisions for top-up payments

The French banks have in the past implemented additional supplementary retirement plans, which are now closed.
The banks' commitments under these plans totaled €32 million compared with €31 million at December 31, 2011.
The change comprises a €4 million increase due to changes in assumptions, a €1 million reduction resulting from experience adjustments, a €4 million reduction resulting from the payment of benefits and a €2 million increase due to financial costs.

Individual retirement savings plan entered into with ACM

A supplementary defined benefit retirement agreement has been implemented with ACM for the French entities that have adopted the group-wide benefits platform. These entities paid €29 million during the year under the terms of this contract.

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Note 24b: Provisions for risks arising from commitments on home savings accounts and plans

	Dec. 31, 2012	Dec. 31, 2011
Home savings plans		
Contracted between 0 and 4 years ago	751	212
Contracted between 4 and 10 years ago	1,995	3,676
Contracted more than 10 years ago	3,470	2,103
TOTAL	**6,216**	**5,991**
Amounts outstanding under home savings accounts	619	642
TOTAL	**6,835**	**6,633**

Home savings loans	Dec. 31, 2012	Dec. 31, 2011
Balance of home savings loans giving rise to provisions for risks reported in assets	186	206

Home savings provisions	Jan. 1, 2012	Net additions	Other movements	Dec. 31, 2012
On home savings accounts	15	(8)		7
On home savings plans	22	(14)		8
On home savings loans	6	(1)		5
TOTAL	**43**	**(23)**	**0**	**20**
Maturity analysis				
Contracted between 0 and 4 years ago	12			0
Contracted between 4 and 10 years ago	0			0
Contracted more than 10 years ago	10			8
TOTAL	**22**			**8**

Home savings accounts ("CEL") and home savings plans ("PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). For the distributing establishment, they generate two types of obligation:

- to pay interest in the future on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

The cost represented by these obligations has been estimated on the basis of behavioral statistics and market data.
A provision is recognized in liabilities to cover the future costs relating to the risk that the terms of such products may be potentially unfavorable to the bank, i.e. where the bank offers different interest rates than those on similar non-regulated products. This approach is managed based on generations of regulated PEL savings products with similar characteristics.
The impacts on income are included in interest paid to customers.
The fall in provisions for risks in 2012 was essentially due to the fall in expected future interest rates (determined using a Cox-Ingersoll-Ross interest rate model).

Note 25: Subordinated debt

	Dec. 31, 2012	Dec. 31, 2011
Subordinated notes	276	336
Non-voting loan stock	152	154
Perpetual subordinated notes	2,107	2,107
Other debt	905	910
Accrued interest	19	25
TOTAL	**3,459**	**3,532**

Subordinated debt representing more than 10% of total subordinated debt at December 31, 2012

Main subordinated debt issues	Issue date	Issue amount	Currency	Rate	Maturity	Early redemption feature	Early redemption conditions
Subordinated notes	07.19.01	€300m	EUR	a	07.19.2013		
Subordinated notes	09.30.03	$350m	USD	b	09.30.2015		
Non-voting loan stock	05.28.85	€137m	EUR	c	d		
Perpetual subordinated notes	06.30.06	€400m	EUR	e			
Perpetual subordinated notes	06.30.06	€1,100m	EUR	f			
Perpetual subordinated notes	12.30.08	€500m	EUR	g			

(a) 3-month Euribor + 89.5 basis points.
(b) 6-month USD Libor + 55 basis points.
(c) Minimum 85% (TAM+TMO)/2 - Maximum 130% (TAM+TMO)/2.
(d) Repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year.
(e) 6-month Euribor + 167 basis points.
(f) 6-month Euribor + 107 basis points for the first ten years, then 6-month Euribor + 207 basis points.
(g) 3-month Euribor + 665 basis points.
(a), (b), (e), (f) and (g): subscribed by the parent companies BFCM and CFCM.

Payment of interest on perpetual subordinated notes, which are financial instruments reported in liabilities, may only be suspended in certain predefined situations outside the control of the issuer.

Note 26a: Unrealized or deferred gains and losses

	Dec. 31, 2012	Dec. 31, 2011
Unrealized or deferred gains and losses* relating to:		
Translation adjustments	41	(5)
Available-for-sale financial assets		
Equities		
- Unrealized or deferred gains	112	90
- Unrealized or deferred losses	(21)	(20)
Bonds		
- Unrealized or deferred gains	1,004	588
- Unrealized or deferred losses	(1,433)	(1,719)
Actuarial differences on defined benefit plans	(52)	
Derivatives designated as cash flow hedges	(20)	(18)
Real estate assets (IAS 16)		
Share of unrealized gains and losses of associates	119	18
TOTAL	**(250)**	**(1,066)**
Unrealized or deferred gains and losses		
- Attributable to owners of the company	(261)	(967)
- Non-controlling interests	11	(99)
TOTAL	**(250)**	**(1,066)**

* Amounts net of tax.

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Note 26b: Additional information on movements in unrealized or deferred gains and losses

Movement in gains and losses recognized directly in equity

	Dec. 31, 2012	Dec. 31, 2011
Translation adjustments		
Reclassification in income		
Other movements	(2)	(5)
Sub-total	**(2)**	**(5)**
Remeasurement of available-for-sale financial assets		
Reclassification in income	11	307
Other movements	718	(870)
Sub-total	**729**	**(563)**
Remeasurement of hedging derivatives		
Reclassification in income	(3)	(0)
Other movements	1	(7)
Sub-total	**(2)**	**(7)**
Remeasurement of non-current assets	0	0
Actuarial differences on defined benefit plans	(52)	0
Share of unrealized or deferred gains and losses of associates	101	(26)
TOTAL	**774**	**(601)**

Movement in gains and losses recognized directly in equity

	Dec. 31, 2012			Dec. 31, 2011		
	Gross	Tax	Net	Gross	Tax	Net
Translation adjustments	(2)		(2)	(5)		(5)
Remeasurement of available-for-sale financial assets	1,054	(325)	729	(869)	306	(563)
Remeasurement of hedging derivatives	(2)	0	(2)	(10)	3	(7)
Remeasurement of non-current assets			0			0
Actuarial differences on defined benefit plans	(75)	23	(52)			0
Share of unrealized or deferred gains and losses of associates	101		101	(26)		(26)
TOTAL MOVEMENTS IN GAINS AND LOSSES RECOGNIZED DIRECTLY IN EQUITY	**1,076**	**(302)**	**774**	**(910)**	**309**	**(601)**

Note 27: Commitments given and received

Commitments given	Dec. 31, 2012	Dec. 31, 2011
Financing commitments		
To credit institutions	893	945
To customers	23,510	25,973
Guarantees		
To credit institutions	1,274	1,080
To customers	11,580	11,550

Commitments received	2012	2011
Financing commitments		
From credit institutions	6,105	720
Guarantees		
From credit institutions	28,334	30,080

Note 27a: Transfers of financial assets

For the purposes of its refinancing activities, the group enters into repurchase agreements in respect of debt securities and/or equity securities.
These agreements result in the transfer of the ownership of securities that the transferee may in turn lend. Coupons and dividends are the property of the borrower. These transactions are subject to margin calls and the group is exposed to the non-recovery of the securities.
The fair value of assets sold under repurchase agreements was €20,393 million at December 31, 2012.

Assets given as collateral for liabilities	Dec. 31, 2012	Dec. 31, 2011
Securities loaned	10	12
Security deposits on market transactions	7,370	6,763
Securities sold under repurchase agreements	20,816	24,887
TOTAL	**28,196**	**31,662**

During the year, CIC sold loans to companies totaling USD 560 million to a securitization fund, which issued senior units totaling USD 400 million subscribed by external investors and subordinated units totaling USD 160 million subscribed by CIC.
Lafayette CLO Ltd, the securitization fund concerned, is fully consolidated.

Notes to the income statement

Note 28: Interest income and expense

	2012		2011	
	Income	Expense	Income	Expense
Credit institutions and central banks	649	(1,634)	818	(1,503)
Customers	7,153	(4,087)	7,266	(3,796)
- Of which, finance leases	*2,681*	*(2,360)*	*2,682*	*(2,361)*
Financial assets/liabilities accounted for under the fair value option	0		0	
Derivatives used for hedging purposes	1,285	(1,713)	295	(553)
Available-for-sale financial assets	464		470	
Held-to-maturity financial assets	2		2	
Debt securities		(234)		(316)
Subordinated debt		(66)		(69)
TOTAL	**9,553**	**(7,734)**	**8,851**	**(6,237)**

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Note 29: Commission income and expense

	2012		2011	
	Income	Expense	Income	Expense
Credit institutions	7	(2)	4	(3)
Customers	713	(8)	750	(7)
Securities transactions	451	(25)	492	(34)
Derivative instruments	3	(4)	4	(13)
Currency transactions	15	(1)	16	(1)
Financing and guarantee commitments	6	(6)	5	(8)
Services provided	924	(424)	925	(449)
TOTAL	**2,119**	**(470)**	**2,196**	**(515)**

	2012	2011
Commissions on financial assets and liabilities not carried at fair value through profit or loss (including demand accounts)	759	785
Commissions for management services provided to third parties	387	421

Note 30: Net gain/(loss) on financial instruments at fair value through profit or loss

	2012	2011
Trading instruments	631	(32)
Instruments accounted for under the fair value option[1]	151	(118)
Ineffective portion of hedges	(31)	5
Foreign exchange gains	26	45
TOTAL CHANGES IN FAIR VALUE	**777**	**(100)**

(1) Including €93 million in respect of the private equity business.

Note 30a: Ineffective portion of hedges

	2012	2011
Change in fair value of hedged items	90	952
Change in fair value of hedging instruments	(121)	(947)
TOTAL INEFFECTIVE PORTION OF HEDGES	**(31)**	**5**

Of the 2012 ineffective portion, €30 million was due to a change in the yield curve during the first half of 2012: the OIS yield curve was used, instead of the Euribor yield curve previously used, to discount swaps collateralized by cash.

Note 31: Net gain/(loss) on available-for-sale financial assets

	2012				2011			
	Dividends	Realized gains and losses	Impairment	Total	Dividends	Realized gains and losses	Impairment	Total
Government securities, bonds and other fixed-income securities		(33)	0	(33)		12	0	12
Equities and other variable-income securities	1	19	0	20	1	25	0	26
Long-term investments[1]	49	(354)	333	28	56	43	(110)	(11)
Other	0	(3)	0	(3)	0	(76)	0	(76)
TOTAL	**50**	**(371)**	**333**	**12**	**57**	**4**	**(110)**	**(49)**

(1) Including a €328 million loss on disposal and a €323 million reversal of an impairment provision in respect of the disposal of the equity interest in Véolia.

Note 32: Income/expenses on other activities

	2012	2011
Income from other activities		
Investment property	0	0
Rebilled expenses	63	61
Other income	123	180
Sub-total	**186**	**241**
Expenses on other activities		
Investment property	(2)	(2)
Other expenses	(181)	(219)
Sub-total	**(183)**	**(221)**
TOTAL	**3**	**20**

Note 33: General operating expenses

	2012	2011
Payroll costs	(1,693)	(1,607)
Other expenses	(1,083)	(1,036)
TOTAL	**(2,776)**	**(2,643)**

Note 33a: Payroll costs

	2012	2011
Wages and salaries	(1,010)	(987)
Social security charges	(474)	(435)
Employee benefits	0	(3)
Employee profit-sharing and incentive bonuses	(91)	(74)
Payroll-based taxes	(118)	(111)
Other	(0)	3
TOTAL	**(1,693)**	**(1,607)**

Note 33b: Average number of employees (as full-time equivalent)

	2012	2011
Banking staff	11,730	11,964
Managerial staff	8,924	8,704
TOTAL	**20,654**	**20,668**
Analysis by country		
France	19,138	19,157
Outside France	1,516	1,511
TOTAL	**20,654**	**20,668**

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Note 33c: Other general operating expenses

	2012	2011
Other taxes and duties	(131)	(114)
External services	(974)	(941)
Rebilled expenses	23	20
Other miscellaneous expenses	(1)	(1)
TOTAL	(1,083)	(1,036)

An additional tax on systemic risk, in the same amount as the systemic tax of €26 million, was recognized during the year ended December 31, 2012.

Note 33d: Statutory auditors' fees

Amounts excluding VAT (in € millions)	PricewaterhouseCoopers Audit				Ernst & Young et Autres			
	2012		2011		2012		2011	
Audit								
Statutory audit and contractual audits								
- CIC	0.67	17%	0.60	17%	0.69	27%	0.55	22%
- Fully consolidated subsidiaries	3.12	78%	2.38	66%	1.73	68%	1.90	76%
Other assignments and services directly related to the statutory audit[1]								
- CIC								
- Fully consolidated subsidiaries	0.04	1%	0.46	13%	0.08	3%	0.01	0%
Sub-total	**3.83**	**96%**	**3.44**	**96%**	**2.50**	**98%**	**2.46**	**98%**
Other services performed by the networks for fully consolidated subsidiaries								
- Legal, tax and corporate advisory services	0.04	1%	0.03	1%				
- Other	0.11	3%	0.13	3%	0.06	2%	0.05	2%
Sub-total	**0.15**	**4%**	**0.16**	**4%**	**0.06**	**2%**	**0.05**	**2%**
TOTAL	3.98	100%	3.60	100%	2.56	100%	2.51	100%

(1) Other assignments directly related to the statutory audit comprise mainly assignments carried out at the request of the supervisory authorities, the aim of which was to ensure that the group and its procedures comply with regulatory requirements.

The above amounts correspond to the amounts recognized as charges during the fiscal year.

Note 34: Movements in depreciation, amortization and provisions for impairment of property and equipment and intangible assets

	2012	2011
Depreciation and amortization		
Property and equipment	(147)	(148)
Intangible assets	(20)	(19)
Impairment		
Property and equipment	0	0
Intangible assets	(1)	(0)
TOTAL	(168)	(167)

Note 35: Net additions to/reversals from provisions for loan losses

	Additions	Reversals	Loan losses covered by provisions	Loan losses not covered by provisions	Recovery of loans written off in prior years	Total	2011
Credit institutions	(15)	38	(3)	(0)	0	20	48
Customers							
- Finance leases	(5)	7	(5)	(3)	1	(5)	(13)
- Other customer items	(635)	583	(222)	(31)	10	(295)	(199)
Sub-total	**(655)**	**628**	**(230)**	**(34)**	**11**	**(280)**	**(164)**
Held-to-maturity financial assets	0	0	0	0	0	0	(2)
Available-for-sale financial assets [1]	(10)	346	(413)	(45)	31	(91)	(402)
Other, including financing and guarantee commitments	(37)	52	(0)	(0)	0	15	19
TOTAL	**(702)**	**1,026**	**(643)**	**(79)**	**42**	**(356)**	**(549)**

(1) Including €32 million arising from the sale of the Greek sovereign securities.

Note 36: Net gain/(loss) on disposals of other assets

	2012	2011
Property and equipment and intangible assets		
Losses on disposals	(6)	(4)
Gains on disposals	17	21
TOTAL	**11**	**17**

Note 37: Corporate income tax

	2012	2011
Current taxes	(199)	(192)
Deferred tax income and expense	(102)	(111)
Adjustments in respect of prior years	1	10
TOTAL	**(300)***	**(293)**

* Including a charge of €241 million in respect of companies located in France and a charge of €59 million for companies located elsewhere.

Reconciliation between the corporate income tax charge recorded in the accounts and the theoretical tax charge	2012	2011
Theoretical tax rate	**36.1%**	**36.1%**
Impact of tax consolidation	- 4.4%	- 4.6%
Impact of permanent differences	3.3%	11.0%
Impact of preferential "SCR" and "SICOMI" rates	-2.2%	- 2.3%
Impact of tax provisions	- 2.0%	0.0%
Impact of tax reassessments	0.7%	0.0%
Impact of different tax rates paid by foreign subsidiaries	- 0.6%	- 0.9%
Impact of tax credits and tax deductions	- 0.2%	- 1.7%
Other	0.2%	- 2.1%
Effective tax rate	**30.9%**	**35.5%**
Taxable income[1]	971	824
TAX CHARGE	**(300)**	**(293)**

(1) Sum of pre-tax income of fully-consolidated companies.

CIC has set up a tax group with its main subsidiaries (more than 95%-owned) and the regional banks. The companies included in this group are shown with an (i) after their name in the list of consolidated companies.

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Note 38: Earnings per stock unit

	2012	2011
Net income attributable to owners of the company	698	555
Number of stock units at beginning of year	37,797,752	37,797,752
Number of stock units at end of year	37,797,752	37,797,752
Weighted average number of stock units	37,797,752	37,797,752
Basic earnings per stock unit (in euros)	**18.46**	**14.69**
Additional weighted average number of stock units assuming full dilution	0	0
Diluted earnings per stock unit (in euros)	**18.46**	**14.69**

CIC's capital stock amounts to €608,439,888, made up of 38,027,493 stock units with a par value of €16 each, including 229,741 treasury stock units.

Note 39: Fair value of financial instruments carried at amortized cost

The estimated fair values presented are calculated based on observable parameters at December 31, 2012 and are obtained by computing estimated discounted future cash flows using a risk-free yield curve. For asset items, the yield curve factors in a credit spread calculated for the CM11-CIC group as a whole, which is revised on a yearly basis.
The financial instruments discussed in this note relate to loans and borrowings. They do not include non-monetary items (e.g. equities), trade accounts payable, other asset accounts, or other liability and accrual accounts. Non-financial instruments are not discussed in this section.
The fair value of financial instruments repayable on demand and regulated customer savings deposits equals the amount that may be requested by the customer, i.e. the carrying amount.
Certain group entities may also apply assumptions whereby fair value is deemed to equal the carrying amount for those contracts indexed to a floating rate, or whose residual life is one year or less.
The reader's attention is drawn to the fact that, excluding held-to-maturity financial assets, financial instruments carried at amortized cost are not sold or are not intended to be sold prior to maturity. Accordingly, capital gains and losses are not recognized.
However, if financial instruments carried at amortized cost were to be sold, their sale price may differ significantly from the fair value calculated at December 31, 2012.

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Loans and receivables due from credit institutions	33,029	32,372	35,603	35,374
Loans and receivables due from customers	132,890	135,094	132,303	132,905
Held-to-maturity financial assets	67	81	78	91
Liabilities				
Due to credit institutions	57,405	57,344	69,576	69,544
Due to customers	108,162	106,960	100,207	99,411
Debt securities	17,016	17,181	13,491	13,606
Subordinated debt	3,459	3,581	3,532	4,160

Note 40: Related party transactions

	2012		2011	
	Associates (accounted for using the equity method)	Parent company	Associates (accounted for using the equity method)	Parent company
Assets				
Loans, advances and securities				
- Loans and receivables due from credit institutions[1]	0	11,752	0	20,282
- Loans and receivables due from customers	0	32	0	40
- Securities transactions	0	0	0	54
Other assets	3	56	6	66
TOTAL	**3**	**11,840**	**6**	**20,442**
Liabilities				
Deposits				
- Due to credit institutions	0	47,166	0	56,272
- Due to customers	255	40	305	20
Debt securities	940	0	574	0
Subordinated debt	1	3,076	0	3,074
Other liabilities	0	17	0	16
TOTAL	**1,196**	**50,299**	**879**	**59,382**
Financing and guarantee commitments				
Financing commitments given	0	0	0	0
Guarantee commitments given	0	76	0	101
Financing commitments received	0	5,850	0	0
Guarantee commitments received	0	2,382	0	2,113

(1) Including a €750 million perpetual subordinated loan due from BFCM.

	2012		2011	
Income statement items related to transactions with related parties	Associates (accounted for using the equity method)	Parent company	Associates (accounted for using the equity method)	Parent company
Interest income	0	237	0	243
Interest expense	(10)	(762)	(11)	(814)
Commission income	381	37	375	45
Commission expense	0	(127)	0	(133)
Other income and expenses	53	84	64	33
General operating expenses	(57)	(323)	(59)	(304)
TOTAL	**367**	**(854)**	**369**	**(930)**

The parent company is BFCM, the majority stockholder of CIC, and Caisse Fédérale de Crédit Mutuel (CFCM), the entity controlling BFCM, and all their subsidiaries.
Transactions carried out with the parent company mainly cover loans and borrowings taken out for the purposes of treasury management, as BFCM is the group's refinancing vehicle, as well as IT services billed with the Euro Information entities.
Companies accounted for using the equity method comprise CM-CIC Asset Management, the Assurances du Crédit Mutuel group and Banca Popolare di Milano.

Relations with the group's key executives (see "Corporate governance" on page 49).

Total compensation paid to the group's key executives	Fixed salary	Variable salary	Benefits-in-kind	Sundry adjustments	Total 2012	Total 2011
Key executives	0.6	0.0	0.0	0.0	0.6	1.2

Statutory Auditors' report on the consolidated financial statements

Year ended December 31, 2012

To the stockholders,

In fulfillment of the assignment entrusted to us by your stockholders' general meeting, we hereby report to you, for the year ended December 31, 2012, on:
• the audit of the accompanying consolidated financial statements of CIC;
• the justification of our assessments;
• the specific verification 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.

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 from material misstatement. An audit includes examining, on a test basis or using other sampling methods, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, the significant estimates made in the preparation of the financial statements and the overall presentation of the financial statements. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements for the year ended December 31, 2012 give a true and fair view of the assets, liabilities, financial position of the group formed by the entities included in the consolidation scope and of the results of its operations in accordance with IFRS as adopted by the European Union.

Without qualifying the opinion expressed above, we draw your attention to notes 1 and 24a to the consolidated financial statements, which describe the early application, as from January 1, 2012, of revised IAS 19 "Employee Benefits" and its impact on the financial statements for the year ended December 31, 2012.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:
• your group uses internal models and methodologies to measure financial instruments that are not traded on active markets, as well as to recognize certain provisions as described in notes 1 and 10c to the consolidated financial statements. We examined the control systems relating to these models and methodologies, the parameters used and the identification of the financial instruments to which they apply;
• your group carried out impairment tests on goodwill and on equity interests which resulted, where relevant, in the recognition of impairment provisions in respect of this fiscal 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;
• your group recognizes impairment provisions to cover the credit and counterparty risks inherent in its business (notes 1, 8, 10a, 24 and 35 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 impairment losses by individual and collective provisions;
• your group recognizes provisions for employee benefit obligations (notes 1 and 24a to the consolidated financial statements). We examined the methodology used to assess these obligations, as well as the main assumptions and calculation methods used. As regards the early application of the revised IAS 19, we have verified the correct restatement of equity at January 1, 2012 and the information provided in note 24a to the consolidated financial statements on the impact on the financial statements for the year ended December 31, 2011.

These assessments were made in the context of our audit of the consolidated financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first section of this report.

III - Specific verification

As provided by law and in accordance with French professional standards, we also specifically verified the information given in the group's board of directors' report.

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

Neuilly-sur-Seine and Paris La Défense, April 19, 2013

The statutory auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr	Olivier Durand

Company financial statements

The statutory auditors have audited the company financial statements.

Board of directors' report on the company financial statements

The company financial statements are prepared in accordance with regulation 91-01 issued by the *Comité de la Réglementation Bancaire* (French banking regulatory committee – CRB), as amended by regulations 2000-03 and 2005-04 issued by the *Comité de la Réglementation Comptable* (French accounting regulatory committee – CRC) and by regulations 2010-04 and 2010-08 issued by the *Autorité des Normes Comptables* (French accounting standards authority).

Highlights of the fiscal year

- The year saw an increase in corporate tax and in banking sector taxes: CIC recognized a €27.5 million charge in respect of the tax on systemic risk.
- During 2012, CIC sold all its receivables due from the Greek government: the impact of these sales on pre-tax net income was a €30 million loss.
- As part of its policy to rationalize its holdings in subsidiaries, CIC bought from CIC Est its interests in the following foreign subsidiaries: CIC Suisse and Banque du Luxembourg.

CIC Greater Paris region network

The Greater Paris region network was made up of 307 branches at December 31, 2012.
At that date, the number of customers totaled 702,443, including 583,385 personal banking customers.
Outstanding loans remained stable at €15.3 billion (€15.4 billion at December 31, 2011), consisting mainly of home loans (€10.8 billion).
Deposits rose by 7.7% to €16.7 billion and savings remained stable at €10.1 billion.

Financing and capital markets

Outstanding loans in financing totaled €16.8 billion.
Deposits came to €7.7 billion. Customer funds invested in savings products increased by 7% compared with 2011.

2012 results

Net banking income rose from €1,252 million in 2011 to €1,579 million in 2012.
Net commission income came to €285 million.
Dividends received from subsidiaries and equity interests came to €330.7 million, compared with €405.2 million in 2011, the majority being derived from the regional banks and CM-CIC group subsidiaries.
General operating expenses increased to €688 million compared with €636 million in 2011. The impact of changes to the tax legislation (doubling of the tax on systemic risk and increase in the corporate contribution *(forfait social)*) was €19 million. Other taxes and duties also increased by €10 million, including more than €5 million in respect of the solidarity social security contribution *(contribution sociale de solidarité des sociétés)*.
The average number of employees (as full-time equivalents) in 2012 was 3,843.
Operating income before provisions came to €891 million in 2012 compared with €616 million in 2011.
Net additions to/reversals from provisions for loan losses represented a net charge of €147 million compared with a net charge of €338 million in 2011 – the year in which a €301 impairment loss was recognized in respect of the Greek sovereign securities compared with €32 million in 2012.
The net loss on disposals of non-current assets amounted to €107 million.
CIC's total tax charge includes corporate income tax payable on CIC's net income and the net benefit from tax consolidation.
The company recorded net income of €708 million in 2012 compared with net income of €275 million in 2011.
Equity amounted to €5,797 million at December 31, 2012.
Articles L.441-6-1 and D.441-4 of the French commercial code require the disclosure of specific information on the due dates of amounts due to suppliers: the relevant amounts in respect of CIC are not material.
Details of executive compensation are provided on page 71 of the board of directors' report on the consolidated financial statements.
Information relating to CIC's stock ownership structure as at December 31, 2012 as well as changes during the year and dividends paid is provided on pages 31 to 35 of the section entitled "Presentation of CIC - capital and market for the company's stock".
The operations of CIC's subsidiaries are described on pages 186 to 193.

Financial statements

Balance sheet

Assets

(in € millions)	Notes	Dec. 31, 2012	Dec. 31, 2011
Cash and central banks		6,550	2,519
Government securities	2	7,448	10,529
Interbank loans and advances	3	30,997	40,526
Customer transactions	4	33,109	34,911
Bonds and other fixed-income securities	5	14,127	15,620
Equities and other variable-income securities	6	393	559
Investments in subsidiaries and other long-term investments	7	95	98
Investments in associates	8	5,328	4,166
Lease financing			
Intangible assets	9	89	92
Property and equipment	10	520	534
Unpaid capital			
Treasury stock		9	9
Other assets	11	12,099	10,931
Accruals and other assets	12	4,209	4,960
TOTAL		**114,973**	**125,454**

Off-balance sheet items

(in € millions)	Notes	Dec. 31, 2012	Dec. 31, 2011
Commitments and guarantees received			
Financing commitments received			
Commitments received from credit institutions		2,255	720
Guarantees received			
Guarantees received from credit institutions		8,643	10,829
Securities commitments received			
Optional repurchase agreements			
Other commitments and guarantees received		98	12

Liabilities and equity

(in € millions)	Notes	Dec. 31, 2012	Dec. 31, 2011
Central banks			
Due to credit institutions	14	50,057	70,638
Customer transactions	15	26,735	24,556
Debt securities	16	14,371	10,761
Other liabilities	11	3,094	3,128
Accruals and other liabilities	12	9,966	5,796
Provisions	17	1,256	1,538
Subordinated debt	18	3,318	3,327
General banking risks reserve	19	379	379
Equity	19	5,797	5,331
- Capital stock		*608*	*608*
- Additional paid-in capital		*1,088*	*1,088*
- Reserves		*668*	*667*
- Revaluation reserve		*44*	*44*
- Untaxed provisions		*45*	*43*
- Retained earnings		*2,636*	*2,606*
- Net income for the year		*708*	*275*
TOTAL		**114,973**	**125,454**

Off-balance sheet items

(in € millions)	Notes	Dec. 31, 2012	Dec. 31, 2011
Commitments and guarantees given			
Financing commitments given			
Commitments given to credit institutions		1,159	1,204
Commitments given to customers		12,016	13,908
Guarantees given			
Guarantees given on behalf of credit institutions		5,774	7,533
Guarantees given on behalf of customers		7,953	7,745
Securities commitments given			
Optional resale agreements			
Other commitments and guarantees given		95	290

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Income statement

(in € millions)	Notes	2012	2011
Interest income	26	3,776	2,821
Interest expense	26	(3,466)	(2,278)
Income from variable-income securities	27	331	406
Commission income	28	396	411
Commission expense	28	(111)	(132)
Net gains on trading account securities	29	624	91
Net gains/(losses) on available-for-sale securities	30	86	(42)
Other banking income	31	46	94
Other banking expense	31	(102)	(118)
Net income from other activities		(1)	(1)
Net banking income		**1,579**	**1,252**
Payroll costs	32	(378)	(354)
Other general operating expenses		(270)	(240)
Depreciation, amortization and impairment		(40)	(42)
General operating expenses		**(688)**	**(636)**
Operating income before provisions		**891**	**616**
Net additions to/reversals from provisions for loan losses	33	(147)	(338)
Operating income after provisions		744	278
Net gains on disposals of non-current assets	34	(107)	(85)
Income/(loss) before non-recurring items		**637**	**193**
Net non-recurring items			
Corporate income tax	35	73	85
Net allocations to general banking risks reserve			
Net allocations to untaxed provisions		(2)	(3)
NET INCOME (LOSS)		**708**	**275**

Five-year financial summary

Caption	2008	2009	2010	2011	2012
1. At December 31					
Capital stock (in €)	586,384,976	590,676,336	608,439,888	608,439,888	608,439,888
Number of stock units in issue	36,649,061	36,917,271	38,027,493	38,027,493	38,027,493
"A" series common stock	36,649,061	36,917,271	38,027,493	38,027,493	38,027,493
"D" series preferred stock	-	-	-	-	-
Preferred investment certificates	-	-	-	-	-
Ordinary investment certificates	-	-	-	-	-
2. Results of operations (in € thousands)					
Banking income	9,651,017	5,866,707	4,632,388	3,781,357	5,258,845
Net income before tax, depreciation and amortization	86,775	1,662,616	781,283	739,597	856,601
Provisions and non-recurring items	-	-	-	-	-
Corporate income tax	(154,749)	130,846	29,159	(84,789)	(73,461)
Net income/(loss)	(73,083)	1,080,530	537,729	275,129	708,010
Dividends	36,649	160,590	334,642	247,179	285,206
3. Earnings per common stock unit (in €)					
Income after tax but before depreciation, amortization and provisions	6.56	41.42	19.53	21.50	24.21
Net income/(loss)	(2.01)	29.45	14.23	7.28	18.73
Dividend per "A" series stock unit	1.00	4.35	8.80	6.50	7.50
Dividend per "D" series stock unit and investment certificates					
4. Employee information (excluding foreign branches) (in €)					
Number of employees (average full-time equivalents)	4,097	3,759	3,498	3,533	3,525
Total payroll	193,851,371	173,519,754	175,790,924	176,031,659	181,790,351
Total benefits (social security, etc.)	89,836,051	93,886,625	65,945,942	87,488,486	97,508,373

... Financial statements

Notes

The notes are presented in millions of euros (€ millions).

Note 1 - Accounting policies, valuation and presentation methods

The company financial statements are prepared in accordance with regulation 91-01 issued by the *Comité de la Réglementation Bancaire* (French banking regulatory committee – CRB), as amended by regulations 2000-03 and 2005-04 issued by the *Comité de la Réglementation Comptable* (French accounting regulatory committee – CRC) and by regulations 2010-04 and 2010-08 issued by the *Autorité des Normes Comptables* (French accounting standards authority).
CIC is fully consolidated into the consolidated financial statements of the CIC, CM11-CIC and Crédit Mutuel groups.

Use of estimates 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 balance sheet, 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 the preparation of the financial statements when making the necessary estimates.
This applies in particular to:

- the impairment of debt and equity instruments;
- impairment tests performed on intangible assets;
- the measurement of provisions, including retirement obligations and other employee benefits;
- the valuation of financial instruments not quoted on an organized market.

Reclassification of financial assets

With a view to standardizing accounting treatments and ensuring consistency with International Financial Reporting Standards, the CRC issued regulation 2008-17 on December 10, 2008, which amends CRB regulation 90-01 on accounting for securities transactions. It consolidates the provisions of opinion 2008-19 of December 8, 2008 relating to transfers from trading securities and from available-for-sale securities.
Transfers from trading securities to held-to-maturity securities and from available-for-sale securities are now permitted in two instances:

a) when exceptional market conditions require a change of strategy;
b) when, subsequent to their acquisition, fixed-income securities are no longer negotiable in an active market and if the bank has the intention and ability to hold these securities over the foreseeable future or until their maturity.

The effective date of transfers from trading securities and from available-for-sale securities may not be before July 1, 2008 and must correspond to the date at which consolidated financial statements are prepared.

Recognition of changes in accounting methods

Changes in accounting methods are applied retrospectively, that is to say as if the new methods had always been applied. The impact resulting from the first-time application of a change in accounting method is recognized directly to equity at January 1, resulting in the restatement of the opening balance sheet.

Loans

Loans are stated at their nominal value in the balance sheet. Commissions received on the granting of a loan and those paid to referral agents are recognized in the income statement over time in accordance with a method which involves treating them as if they were interest. This actuarial amortization is recognized in the income statement within net interest income/(expense). In the balance sheet, commissions received and the incremental transaction costs which are amortized are included within the balance of the loan concerned.
Accrued interest receivable and payable are included within the balance sheet asset or liability heading to which they relate.

With regard to credit risk, a distinction is drawn between performing loans, non-performing loans and impaired non-performing loans for accounting purposes.

Reclassification of loans as non-performing or impaired non-performing loans
As required by CRC regulation CRC 2002-03, loans are reclassified as non-performing loans when exposed to a proven risk, namely if 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), if it is probable the borrower will be unable to repay the full amount due, when an event of default has occurred, or where the borrower is subject to court-ordered liquidation.
In addition to the regulatory definition, loans may be reclassified as non-performing loans when there is a risk of loss highlighted notably by financial, economic and/or legal analyses of the customer's situation or by any other information indicating the customer is exposed to a risk of insolvency.
When a loan meets the criteria for reclassification, all amounts due by the customer (or by the group to which the customer belongs) as well as amounts due by other joint account holders or by co-borrowers are considered in the same light, by all federations and all banks of the CM-CIC group.
Loans are reclassified as impaired non-performing loans if the prospects of collecting these loans have deteriorated sharply or if the write off of the loan must be envisaged. Impaired non-performing loans are classified as a distinct component of non-performing loans. Past due interest ceases to be recognized in respect of impaired non-performing loans.

Recognition of impairment losses
Impairment is recognized when there is objective evidence of impairment as a result of an event occurring after inception of a loan or group of loans, which may lead to a loss. Loans are tested for impairment on an individual basis at each balance sheet date. 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, discounted at the original effective interest rate.
For variable-rate loans, the last known contractual interest rate is used.
Impairment losses in respect of the principal are recognized by way of a provision, additions and reversals being reported as a component of provisions for loan losses except for the effect of changes in the time value linked to the discounting mechanism, which is treated as interest income, and therefore as a component of net banking income. Impairment losses in respect of the interest on non-performing loans are recognized under interest received.
The impairment provision is deducted from the asset concerned when it relates to loans and reported under liabilities as a component of provisions for contingencies when it concerns financing and guarantee commitments.

Restructured loans
When non-performing loans are restructured at off-market conditions and reclassified as performing loans, a discount is recognized immediately as an expense and reversed over the term of the loan as a component of the interest margin.

Loan segmentation
In the notes to the financial statements, loans have been segmented by geographical area based on the location of the permanent CIC establishment.

Securities portfolio

Securities are accounted for in accordance with CRB regulation 90-01 as amended by CRB regulation 95-04, with CRC regulations 2000-02 and 2005-01, and with CB instruction 94-07 as amended by CB instruction 2000-12. As required by these regulations and instructions, government securities, bonds and other fixed-income securities (interbank securities, negotiable debt instruments and marketable securities) are classified as trading securities, available-for-sale securities or held-to-maturity securities. Equities and other variable-income securities are classified as trading securities, available-for-sale securities, portfolio activity securities, investments in subsidiaries, investments in associates and other long-term investments.

Trading securities
Trading securities are securities purchased or sold for the purpose of being sold or repurchased in the near term or which are held by the bank because of its market-making activity. They are recognized at acquisition cost, excluding related costs but including any accrued interest. At each balance sheet date, trading securities are measured at their most recent mark-to-market value. Net unrealized gains or losses arising from fluctuations in market value are recognized in the income statement.

Available-for-sale securities
Available-for-sale securities are securities that have not been classified as trading securities, as held-to-maturity securities, as portfolio activity securities, as investments in subsidiaries, investments in associates or other long-term investments. They are recognized at acquisition cost, excluding related costs. Any discounts or premiums are spread over their residual life.
At each balance sheet date, each holding is valued separately. Bonds are grouped together by homogeneous group. When the carrying amount exceeds the estimated realizable value, an impairment loss is recognized representing the unrealized loss. This is determined for each relevant holding or homogenous group. Unrealized gains are not recorded and unrealized gains and unrealized losses are not offset.
For equities quoted in Paris, the net realizable value corresponds to the average stock price during the month preceding the valuation date. For equities quoted on a foreign market and for bonds, realizable value corresponds to the most recent market value preceding the valuation date.

Held-to-maturity securities
Held-to-maturity securities are securities which the bank has the positive intent to hold to maturity. They are recognized at acquisition cost, excluding related costs. The difference between cost and redemption value is spread over the remaining life of the security. These securities are hedged with regard to the principal or interest rate exposure.
An impairment loss is recognized if a deterioration in the financial situation of the issuer means that the securities might not be redeemed at maturity.

Portfolio activity securities
Portfolio activity securities represent investments made on a regular basis with the sole objective of generating a gain over the medium term without intervening for any length of time in the business or participating actively in its day-to-day management. These investments are made via special purpose vehicles, on a significant and permanent basis, the return on investment being generated mainly from the gains on disposal.
These securities are recognized at their cost of acquisition. At the balance sheet date, the value of each holding is determined separately. When the carrying amount exceeds the value in use, an impairment loss is recognized for the amount of the unrealized loss. Unrealized gains are not recognized. The value in use takes into account the issuer's general prospects and the expected period of ownership. For quoted securities, the average stock price over a sufficiently long period may be used.

Other long-term investments, investments in subsidiaries and investments in associates
Other long-term investments are made with the intention of promoting lasting business relationships with the issuer, without however influencing the issuer's management. Investments in subsidiaries are those which management judges to be useful to the group's activities over the long term, in that they enable the group to exercise influence over or to control the issuer.
They are recognized at acquisition, merger or similar cost, and may be revalued within the legal framework defined in 1976. Each investment is reassessed at the year end. If the carrying amount is more than the value in use, an impairment provision is recognized for the unrealized capital loss. Unrealized capital gains are not recognized. The value in use represents the amount the company would be willing to pay to obtain the securities in question given the objectives of the investment, and may be estimated using various criteria such as adjusted net assets, actual and prospective profitability, and recent stock market prices.

Securities sold under delivered repurchase agreements
On the balance sheet, securities sold under delivered repurchase agreements are not de-recognized as an asset whereas the liability to the transferee is recognized as such. The principles for their measurement and the recognition of income from these securities remain those of the asset category in which they are classified.

Reclassification criteria and rules
If the holding intention or ability to hold securities changes, they may be reclassified provided they satisfy the eligibility conditions and transfer rules. In the event of transfer, the securities are remeasured based on their original classification on the date the transfer takes effect.

Transactions in interest-rate and currency option, futures and forward contracts

The group trades on its own account in interest-rate and currency option, futures and forward contracts on various organized and over-the-counter markets as part of its risk management strategy covering interest-rate and currency positions resulting from its assets and liabilities.

Transactions on organized and similar markets
Option, futures and forward contracts on organized and similar markets are measured in accordance with the rules determined by the French banking regulatory committee. Contracts are remeasured at the year end based on listed prices on the applicable markets.
Any resulting gain or loss is recognized through the income statement.

Transactions on over-the-counter markets
French banking regulatory committee regulation no. 90-15 is applied to all over-the-counter interest-rate instruments, which comprise in particular interest-rate and/or currency swaps, future rate agreements, and options such as caps and floors.
Pursuant to the above-mentioned regulation, transactions are allocated on origination to the portfolios concerned (open positions, micro-hedges, overall balance sheet and off-balance sheet management, specialized management). Transactions allocated to open-position portfolios are measured at the lower of acquisition cost or market value. Income and expenses in respect of transactions allocated to micro-hedge portfolios are recognized in the income statement symmetrically to the income and expenses in respect of the hedged item.
Income and expenses in respect of transactions allocated to overall interest-rate risk management portfolios are recognized in the income statement pro rata temporis. Transactions allocated to specialized management portfolios are measured at market value. Changes in value are recognized in net banking income after adjustments to reflect counterparty risk and future management expenses. Balances remaining after netting hedging derivatives are amortized over the residual term of the hedged items.

Structured products
Structured products are products created by bundling basic instruments – generally options – to exactly meet customers' needs. CIC offers 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.
CIC uses the first and third methods. The analytical methods used are those applied by the market to model the underlyings.
Structured products are recognized at market value.
The valuation parameters applied correspond to observed values or values determined using a standard observed values model at the balance sheet date. 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 and/or by extrapolating quoted values. All parameters used are based on historical data.
If complex models are used to determine the value of certain instruments, the market parameters used for measurement purposes are adjusted in application of the prudence concept to take into account the degree of liquidity of the markets concerned and their relevance as regards long maturities.

Measurement of unlisted forward financial instruments
These instruments are remeasured based on observable market prices using the so-called "snapshot" procedure under which bid and offer prices from a number of market players are recorded at the same time each day using market flow software. A single price is used for each market parameter concerned.

Property and equipment and intangible assets

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, and may be revalued in accordance with the French Finance Acts of 1977 and 1978.
Subsequent to initial recognition, property and equipment and intangible assets are measured at amortized historical cost, which represents cost less accumulated depreciation, amortization and any accumulated impairment losses.
The depreciable amount of an asset is determined after deduction of its 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 on a straight-line basis 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. Assets that have an indefinite useful life are not amortized. Depreciation and amortization on property and equipment and intangible assets is recognized in "Depreciation, amortization and impairment" in the income statement.
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 method appropriate to that component. CIC has adopted the components approach for property used in operations and investment property.
These items are depreciated over the following useful lives:
- 40-80 years for the shell;
- 15-30 years for structural components;
- 10-25 years for equipment;
- 10 years for fixtures and fittings.

Leasehold rights paid are not amortized but are tested for impairment. New occupancy fees paid to the owner are amortized over the life of the lease as additional rent. Other intangible items (e.g. acquired customer contract portfolios) are amortized over a period of ten years.
Depreciable and amortizable assets are tested for impairment when evidence exists at the balance sheet date that the items may be impaired. Non-depreciable and non-amortizable assets 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. The impairment loss is reversed in the event of a change in the estimated recoverable amount or if there is no longer an indication of impairment. Impairment is recognized in the income statement under "Depreciation, amortization and impairment".
Gains and losses on disposals of non-current assets used in operations are shown in the income statement under "Net gains on disposals of non-current 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".

Accrual accounts

For loans originated prior to December 31, 1999, issuance expenses were amortized in the year of issuance. In the case of issues subsequent to that date, issuance expenses are amortized over the term of the loan.
Bond redemption premiums are amortized on a straight-line basis over the term of loan.

Provisions

Additions to and reversals from provisions are recognized by type in the corresponding expense accounts.
Pursuant to CRC regulation 2000-06, provisions correspond to the best estimate of the outflow of resources required to extinguish the most probable amount of the corresponding obligation.

Provisions for country risk

Provisions are established to cover sovereign and emerging country risk, based on the economic position of the borrowing country. The allocated portion of such provisions is deducted from the corresponding asset.

General provisions for credit risk

Since fiscal year 2000, general provisions for credit risk have been constituted to cover risks arising but not yet recognized on performing loans and commitments given to customers.
They are determined:
- for credit activities other than specialized financing, using an average provision for loan losses that may be experienced over the long term, i.e. 0.5% of performing customer outstandings;
- for specialized financing and for foreign branches, using a provision for loan losses obtained on the basis of the rating of receivables combined with an average loss given default. This method enables the lower level of risk dispersion and the relatively high materiality of individual loans – and hence the greater volatility of such loans – to be taken into account.

General provisions for credit risks are reversed if the events they are intended to cover materialize.
A general provision for major risks to which the group is exposed has been included in this category since 2003.

Regulated savings

Home savings accounts *(comptes d'épargne logement* – "CEL") and home savings plans *(plans d'épargne logement* – "PEL") are government-regulated retail products sold in France. Account holders receive interest on amounts paid into these accounts over a certain period (initial savings phase), at the end of which they are entitled to a mortgage loan (secondary borrowing phase). Home savings products generate two types of obligation for the bank:
- an obligation to pay interest on paid-in amounts at a fixed rate (in the case of PEL accounts only, as interest on CEL accounts is regularly revised on the basis of an indexation formula and is therefore treated as a variable rate);
- an obligation to grant loans to customers at their request, at a rate set on inception of the contract (both PEL and CEL products).

When these obligations are potentially unfavorable to the bank, they are subject to provisions calculated in accordance with CRC regulation 2007-01 that cover obligations existing on the provision calculation date; future account openings are not taken into account.
Future outstandings on home savings products are estimated on the basis of customer behavior statistics in a given interest-rate environment. PEL that are subscribed in the context of an overall offering of related products and do not meet the abovementioned behavioral laws are excluded from the projections. Provisions are constituted for at-risk outstandings as follows:
- for PEL deposits, based on the difference between probable savings balances and the minimum expected savings. The latter are determined using a 99.5% confidence interval for several thousand different interest rate scenarios;
- for loans granted in connection with home savings products, future volumes depend on the likely exercise of vested rights and on the level of current outstandings.

Future losses are assessed in relation to non-regulated rates for term savings deposits and for standard home purchase loans. This approach is managed based on generations of regulated PEL and CEL savings products with similar characteristics, with no set-off between generations. Future losses are discounted using rates derived from the average of the last 12 months' data for the zero coupon swap against 3-month Euribor rate curve. Future loss provisions are based on the average loss observed in several thousand interest-rate scenarios generated using a stochastic modeling technique.
The impacts on income are included in interest paid to customers.

Assets and liabilities denominated in a foreign currency

Assets and liabilities denominated in a currency other than the local currency are translated at the official year-end exchange rate. The resulting unrealized foreign currency gains and losses are recognized in the income statement along with realized exchange gains or losses on transactions during the year.
As an exception, pursuant to CRB regulation 90-01 and instruction 94-07 of the French banking commission, translation differences on held-to-maturity securities, available-for-sale securities and investments in non-consolidated companies and subsidiaries denominated in a foreign currency and financed in euros are not recognized in the income statement. However, if the securities are to be sold or redeemed, a provision is recognized for the amount of any unrealized foreign currency loss.

General banking risks reserve

In application of Article 3 of CRB regulation 90-02, a general banking risks reserve has been set up for prudential reasons to cover the general and indeterminate risks inherent in any banking activity. Additions to and reversals from this reserve are determined by senior management and are recognized in the income statement.

Interest, fees and commissions

Interest is recognized pro rata temporis in the income statement. Fees and commissions are recognized when received, other than those on financial transactions which are recognized on closure of the issue concerned or when billed. Interest is not recognized as income on impaired non-performing loans.
Fees and commissions comprise income from banking operations remunerating services provided to third parties, other than income in the nature of interest, i.e. calculated as a function of the term and amount of the credit or commitment given.

Retirement and similar obligations

Retirement and similar obligations are provisioned and changes in the obligations are recognized in the income statement for the year. The assumptions used in calculating retirement and similar obligations include a discount rate determined by reference to long-term market rates applicable to highly-rated corporate bond issues at the balance sheet date. The rate of increase in salaries is assessed on the basis of an estimate of long-term inflation and of increases in actual salaries.
CNC recommendation 2003-R-01 on retirement and similar obligations has been applied since January 1, 2004.

Post-employment benefits covered by defined benefit plans
Obligations are calculated using the projected unit credit method and a range of assumptions to determine the discounted amount of the obligation and the cost of service for the fiscal year. The effect of changes in these assumptions and experience adjustments (differences between the previous actuarial assumptions and actual outcomes) give rise to actuarial gains and losses.
Plan assets are measured at fair value and the expected return on these assets is recognized in the income statement.
The difference between the expected return on plan assets and the actual return gives rise to an actuarial gain or loss.
Plan reductions and liquidations give rise to a change in the obligations, which is recognized in the income statement for the year.

Supplementary pensions covered by pension funds
Under the terms of the AFB transitional agreement dated September 13, 1993, the banking industry pension schemes were discontinued and bank employees joined the government-sponsored Arrco and Agirc schemes effective from January 1, 1994. The three CIC group pension funds that pay the various benefits provided for by the transitional agreement were merged on January 1, 2008 in order to pool their reserves.
Subsequent to the merger, the merged entity's reserves covered all the obligations, which had been fully reassessed during the year. To bring the merged entity into compliance with the Fillon Act of August 23, 2003 and the Social Security Financing Act 2008-1330 of December 17, 2008, in 2009 it was converted into a French supplementary pension management institution *(Institution de Gestion de Retraite Supplémentaire)* and its reserves and obligations were transferred to an insurance company.

Other post-employment benefits covered by defined benefit plans
Obligations in respect of future retirement bonuses and supplementary pensions (including special retirement regimes) are either covered by insurance policies or are provisioned for the portion not covered by such policies.
Premiums for future retirement bonuses paid annually take into account rights vested at December 31 of each year, weighted by coefficients for staff turnover and life expectancy.
The commitments are calculated using the projected unit credit method in accordance with IFRS. This method specifically takes into account life expectancy, staff turnover rates, wage increases, the rate of social security charges in stipulated cases and the discount rate.
Retirement bonuses falling due and paid to employees during the year are reimbursed by the insurer to the extent of the portion covered by the policy.
Retirement bonuses are determined based on the contractual provisions relating to normal retirement at the employee's initiative, when he has reached the age of 62.

Post-employment benefits covered by defined contribution plans
A collective agreement was concluded in 1994 to create a supplementary collective capitalization retirement plan for group employees, particularly those from the former CIC Paris. This plan was extended to employees of the former Union Européenne CIC when the two institutions were merged in 1999.

Other long-term benefits
Employees receive a long-service award after 20, 30, 35 and 40 years of service. This obligation is fully provisioned in the company's accounts and is measured using the principles applied to the measurement of retirement bonuses.

Presence in countries or territories that do not cooperate in efforts to combat fraud and tax evasion

The bank has no direct or indirect presence in any country or territory covered by Article L.511-45 of the French monetary and financial code and included in the list drawn up in the order of February 12, 2010.

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Information concerning amounts in the balance sheet, off-balance sheet and in the income statement

The notes are presented in millions of euros (€ millions).

Introductory note: highlights of 2012

The securities issued by the Greek government were contributed to the exchange offer under the Private Sector Involvement (PSI) plan. The securities received in exchange were sold on the market. At December 31, 2012, there was no longer any exposure to the Greek government. This transaction resulted in a €32.1 million loss in net additions to/reversals from provisions for loan losses.
The Irish and Portuguese governments benefited from European Union and IMF support: the worsening of their public accounts prevented them from raising the finance they needed due to market mistrust. At this point in time, the projected recovery of the debt of these two governments does not seem to be in jeopardy and the recognition of an impairment loss is not therefore justified.

Note 2: Government securities

	Dec. 31, 2012				Dec. 31, 2011			
	Trading	Available-for-sale	Held-to-maturity	Total	Trading	Available-for-sale	Held-to-maturity	Total
Securities held	1,644	1,683	4,055	7,382	1,409	2,365	6,637	10,411
Securities loaned								
Cumulative translation adjustment								
Accrued interest		17	49	66		32	68	100
Securities for which impairment provision recognized						11	50	61
Gross amount	**1,644**	**1,700**	**4,104**	**7,448**	**1,409**	**2,408**	**6,755**	**10,572**
Impairment						(9)	(34)	(43)
Net amount	**1,644**	**1,700**	**4,104**	**7,448**	**1,409**	**2,399**	**6,721**	**10,529**
Unrealized capital gains						0		0

Held-to-maturity securities sold before maturity totaled €1,513 million.
The positive or (negative) differences between the redemption price and the purchase price for available-for-sale and held-to-maturity securities are respectively €166 million and €(98) million.

Note 3: Interbank loans and advances

	Dec. 31, 2012		Dec. 31, 2011	
	On demand	At maturity	On demand	At maturity
Current accounts	3,459		2,248	
Loans, amounts received under repurchase agreements	8,722	10,126	10,982	21,314
Securities received under repurchase agreements	74	8,570	12	5,919
Accrued interest		37		50
Non-performing loans and advances		13		9
Impairment provisions		(4)		(8)
TOTAL	**12,255**	**18,742**	**13,242**	**27,284**
TOTAL INTERBANK LOANS AND ADVANCES		**30,997**		**40,526**
Including non-voting loan stock		*45*		*45*
Including subordinated loans		*1,136*		*1,135*

Non-performing loans and advances do not include impaired non-performing assets.
Performing loans do not include loans restructured at off-market terms.

Note 3b: Interbank loans and advances by geographic area

	France	USA	United Kingdom	Singapore	Total
Total gross outstandings at Dec. 31, 2012[1]	30,286	4	7	667	30,964
Including non-performing loans	*12*				*12*
Including impaired non-performing loans					
Impairment provisions					
At Dec. 31, 2011	(8)				(8)
Additions	(1)				(1)
Reversals	5				5
Cumulative translation adjustment					
At Dec. 31, 2012	(4)				(4)

(1) Excludes accrued interest.

Note 4: Customer loans and receivables

	Dec. 31, 2012	Dec. 31, 2011
Commercial loans	201	315
Accrued interest	0	0
Other loans and receivables		
- Loans and advances	25,470	27,368
- Securities received under resale agreements	5,300	5,019
- Accrued interest	86	111
Current accounts in debit	1,585	1,536
Accrued interest		
Non-performing loans	911	1,008
Impairment provisions	(443)	(446)
TOTAL	**33,109**	**34,911**
Including receivables eligible with the European Central Bank	*2,223*	*1,519*
Including non-voting loan stock		
Including subordinated loans	*11*	*11*

Non-performing loans include €594 million of impaired loans, for which an impairment provision of €337 million has been recognized. Performing loans include €116 million of loans restructured at off-market terms.

Note 4b: Customer loans and receivables by geographic area

	France	USA	United Kingdom	Singapore	Total
Total gross outstandings at Dec. 31, 2012[1]	29,122	1,159	1,496	1,689	33,466
Including non-performing loans	*230*	*60*		*26*	*317*
Including impaired non-performing loans	*430*		*164*		*594*
Impairment provisions					
At Dec. 31, 2011	(348)	(15)	(71)	(12)	(446)
Additions	(103)	(8)	(22)	(2)	(136)
Reversals	104	8	26	1	139
Cumulative translation adjustment	1	1	(1)	(1)	
At Dec. 31, 2012	(346)	(14)	(69)	(14)	(443)

(1) Excludes accrued interest.

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Note 4c: Impairment provisions on non-performing loans and receivables

	Dec. 31, 2011	Additions	Reversals	Other movements	Dec. 31, 2012
Assets					
On interbank loans and advances	8	1	(5)	(0)	4
On customer loans and receivables	446	136	(139)		443
On finance leases and operating leases					
On bonds and other fixed-income securities	316	16	(39)	(9)	284
On other assets	1				1
TOTAL	**771**	**153**	**(183)**	**(9)**	**732**

Non-performing customer loans and receivables totaled €911 million compared with €1,008 million at December 31, 2011. They are covered by asset impairment provisions totaling €443 million, representing a coverage ratio of 48.6% compared with 44.2% one year earlier.
Impairment and other provisions for credit risk represent 2.15% of gross customer outstandings, compared with 2.73% in 2011. Non-performing loans and receivables are covered by impairment provisions, with the exception of country risk provisions and general provisions for credit risk, which are based on performing loans and receivables.

Note 5: Bonds and other fixed-income securities

	Dec. 31, 2012				Dec. 31, 2011			
	Trading	Available-for-sale	Held-to-maturity	Total	Trading	Available-for-sale	Held-to-maturity	Total
Securities held – quoted	11,105	734	921	12,760	11,183	882	2,034	14,099
Securities held – not quoted		442	174	616		590	71	661
Securities loaned								
Accrued interest	5	3	6	14	6	4	10	20
Non-performing loans(1) and other fixed-income securities(1)		130	918	1,048		141	1,105	1,246
Gross amount	**11,110**	**1,309**	**2,019**	**14,438**	**11,189**	**1,617**	**3,220**	**16,026**
Impairment provisions		(28)		(28)		(90)		(90)
Other provisions		(9)	(274)	(283)		(6)	(310)	(316)
Net amount	**11,110**	**1,272**	**1,745**	**14,127**	**11,189**	**1,521**	**2,910**	**15,620**
Unrealized capital gains		*37*		*37*		*29*		*29*
Including subordinated bonds		*30*	*124*	*154*		*53*	*8*	*61*
Including securities issued by public institutions				*386*				*503*

(1) Non-performing loans comprise €123 million of impaired non-performing loans against which a provision of €3 million has been raised.

The positive or (negative) differences between the redemption price and the purchase price for available-for-sale and held-to-maturity securities are respectively €(31) million and €(8) million.
The reduction in held-to-maturity securities between 2011 and 2012 corresponds to redemptions made in 2012 as well as sales of securities generating a net loss of €58.0 million.
Trading and available-for-sale securities have been marked to market based on external data obtained from organized markets or, for over-the-counter markets, using key broker prices. If prices are not available, they have been measured based on comparable securities quoted on the market.

Note 5b: Bonds and other fixed-income securities – Monitoring of transfers made between categories in 2008 pursuant to CRC regulation 2008-17 amending CRB regulation 90-01

Due to the exceptional situation brought on by the deterioration in global financial markets, CIC transferred securities from the trading and available-for sale categories. These reclassifications were carried out on the basis of valuations dated July 1, 2008.

Reclassified assets:	Carrying amount on the day of the transfer	Carrying amount in the closing balance sheet	Value at closing date if transfers had not occurred	Unrealized capital gain/(loss)
From trading securities to held-to-maturity securities	18,443	4,558	5,332	774
From trading securities to available-for-sale securities	349	12	12	
From available-for-sale securities to held-to-maturity securities	421	201	193	(8)
TOTAL	**19,213**	**4,771**	**5,537**	**766**

Note 6: Equities and other variable-income securities

	Dec. 31, 2012				Dec. 31, 2011			
	Trading	Available-for-sale	Portfolio activity	Total	Trading	Available-for-sale	Portfolio activity	Total
Securities held – quoted	272			272	450	58		508
Securities held – not quoted		123		123		54		54
Securities loaned								
Accrued interest								
Gross amount	**272**	**123**		**395**	**450**	**112**		**562**
Impairment provisions		(2)		(2)		(3)		(3)
TOTAL	**272**	**121**		**393**	**450**	**109**		**559**
Unrealized capital gains		7		7		11		11

There were no transfers between portfolios during 2012.

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Note 7: Investments in subsidiaries and other long-term investments

	Dec. 31, 2011	Acquisitions Additions	Disposals Reversals	Transfers	Other movements	Dec. 31, 2012
Other long-term investments						
- Quoted						
- Not quoted	85	55	(55)			85
Investments in subsidiaries						
- Quoted	13					13
- Not quoted	5					5
Sub-total	**103**	**55**	**(55)**			**103**
Cumulative translation adjustment						
Securities loaned						
Accrued interest						
Calls for funds and current account advances to non-trading real estate companies (SCI)						
Gross amount	**103**	**55**	**(55)**			**103**
Impairment provisions						
- Quoted securities		(3)				(3)
- Non-quoted securities	(5)					(5)
Sub-total	**(5)**	**(3)**				**(8)**
Net amount	**98**	**52**	**(55)**			**95**

Note 8: Investments in associates

	Dec. 31, 2011	Acquisitions Additions	Disposals Reversals	Transfers	Other movements	Dec. 31, 2012
Gross amount	4,232	1,188	(23)		0	5,397
Cumulative translation adjustment						
Securities loaned	0					
Accrued interest						
Calls for funds and current account advances to non-trading real estate companies (SCI)						
Impairment provisions	(66)	(8)	4		1	(69)
Net amount	**4,166**	**1,180**	**(19)**		**1**	**5,328**
Gross carrying amount for investments in non-quoted credit institutions	1,866					3,032
Gross carrying amount for investments in quoted associates						
Gross carrying amount for investments in non-quoted associates	4,231					5,397

Transactions with associates

	Dec. 31, 2012 Associates		Dec. 31, 2011 Associates	
	Total	Of which, subordinated	Total	Of which, subordinated
Assets				
Interbank loans and advances	12,698	1,144	30,292	1,144
Customer loans and receivables	438		633	
Other miscellaneous receivables	14		15	
Bonds and other fixed-income securities	68		104	
Swaps	2,994		2,358	
Liabilities				
Due to credit institutions	22,980		37,283	
Due to customers	867		688	
Other liabilities	4		3	
Swaps	82		77	
Debt securities	2		4	
Off-balance sheet				
Commitments given				
Credit institutions[1]	270		270	
Customers	6,407		8,406	
Commitments received				
Credit institutions	3,493		1,349	

(1) Commitments given to associates concern, in particular, guarantees given to the regional banks on their certificates of deposit and medium term note issues.

Transactions with other related entities are not significant.

Related party transactions
All related party transactions were carried out on normal market terms, i.e. those that are normally used for transactions with third parties, such that the beneficiary of the agreement does not enjoy more advantageous terms than those granted to a third party of the company, given the terms normally adopted by companies in the same sector.

Note 9: Intangible assets

	Dec. 31, 2011	Acquisitions Additions	Disposals Reversals	Other movements	Dec. 31, 2012
Gross amount					
Goodwill	94				94
Set up costs	1				1
Research and development					
Other intangible assets	55	1			56
Gross amount	**150**	**1**			**151**
Amortization					
Goodwill	(49)	(4)			(53)
Set up costs	(1)				(1)
Research and development					
Other intangible assets	(8)				(8)
Total amortization	**(58)**	**(4)**			**(62)**
Net amount	**92**	**(3)**			**89**

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Note 10: Property and equipment

	Dec. 31, 2011	Acquisitions Additions	Disposals Reversals	Other movements	Dec. 31, 2012
Gross amount					
Land used in operations	196				196
Land not used in operations	0				0
Buildings used in operations	671	13	(1)		683
Buildings not used in operations	1			1	2
Other property and equipment	132	14	(5)	(1)	140
Total gross amount	**1,000**	**27**	**(6)**		**1,021**
Depreciation					
Land used in operations					
Land not used in operations					
Buildings used in operations	(356)	(31)			(387)
Buildings not used in operations	(0)	(0)		(0)	(0)
Other property and equipment	(110)	(5)	2	(1)	(114)
Total depreciation	**(466)**	**(36)**	**2**	**(1)**	**(501)**
Net amount	**534**				**520**

Note 11: Treasury stock

	Dec. 31, 2012	Dec. 31, 2011
Number of stock units held	229,741	229,741
Proportion of capital stock	0.60%	0.60%
Carrying amount	9	9
Market value	24	23

CIC's treasury stock holding is derived from the CIC Banque CIAL partial asset contribution carried out in 2006.

Note 12: Other assets and liabilities

	Dec. 31, 2012		Dec. 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Option premiums	188	183	293	292
Securities settlement accounts	4		4	0
Debts in respect of borrowed securities		1,978		1,880
Deferred tax				
Miscellaneous debtors and creditors	11,905	933	10,629	956
Non-performing receivables	1		1	
Accrued interest	2	0	5	0
Impairment provisions	(1)		(1)	
TOTAL	**12,099**	**3,094**	**10,931**	**3,128**

Note 13: Accruals

	Dec. 31, 2012		Dec. 31, 2011	
	Assets	Liabilities	Assets	Liabilities
Collection accounts	2	5	116	186
Currency adjustment accounts and off-balance sheet	3,200	3,571	3,843	4,450
Other accruals	1,007	6,390	1,001	1,160
TOTAL	**4,209**	**9,966**	**4,960**	**5,796**

Note 14: Due to credit institutions

	Dec. 31, 2012		Dec. 31, 2011	
	On demand	At maturity	On demand	At maturity
Current accounts	11,876		17,210	
Term deposits		18,127		29,348
Amounts received under resale agreements				
Securities sold under repurchase agreements	0	19,976	12	23,909
Accrued interest		78		159
TOTAL	**11,876**	**38,181**	**17,222**	**53,416**
TOTAL DUE TO CREDIT INSTITUTIONS		**50,057**		**70,638**

Note 15: Due to customers

	Dec. 31, 2012		Dec. 31, 2011	
	On demand	At maturity	On demand	At maturity
Regulated savings accounts	5,694	1,150	5,190	1,136
Accrued interest				0
TOTAL – REGULATED SAVINGS ACCOUNTS	**5,694**	**1,150**	**5,190**	**1,136**
Other liabilities	7,715	11,312	7,238	10,178
Securities sold under repurchase agreements		785		745
Accrued interest		79		69
TOTAL – OTHER LIABILITIES	**7,715**	**12,176**	**7,238**	**10,992**
TOTAL DUE TO CUSTOMERS ON DEMAND AND AT MATURITY		**26,735**		**24,556**

Note 16: Debt securities

	Dec. 31, 2012	Dec. 31, 2011
Retail certificates of deposit	49	3
Interbank instruments and money market securities	13,125	9,560
Bonds	1,162	1,155
Other debt securities	2	2
Accrued interest	33	41
TOTAL	**14,371**	**10,761**

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Note 17: Provisions

	Dec. 31, 2011	Additions	Reversals	Other movements	Dec. 31, 2012
Provisions for counterparty risks					
On signature commitments	291	3	(269)		25
On financing and guarantee commitments	0				
On country risks					
General provisions for counterparty risks	227	25			252
Other provisions for counterparty risks					
Provisions for losses on forward financial instruments	**161**	**0**	**(59)**		**102**
Provisions on subsidiaries and equity interests	**128**	**19**	**(9)**	**(0)**	**138**
Other provisions for contingencies and charges (excluding counterparty risks)					
Provisions for retirement costs	29	9			38
Provisions for home savings accounts and plans	6		(3)		3
Other provisions[1]	696	93	(87)	(4)	698
TOTAL	**1,538**	**149**	**(427)**	**(4)**	**1,256**

(1) At December 31, 2012, includes €377 million of provisions linked to tax consolidation temporary differences.

Note 17b: Provisions for risks on commitments

	Dec. 31, 2012		Dec. 31, 2011	
	Outstandings	**Provisions**	Outstandings	Provisions
Home savings plans	964	2	961	3
Home savings accounts	74	1	76	2
Home savings loans	14		16	

Note 18: Subordinated debt

	Dec. 31, 2011	Issues	Redemptions	Other movements	Dec. 31, 2012
Subordinated debt	1,066			(5)	1,061
Non-voting loan stock	137				137
Perpetual subordinated loan stock	2,107				2,107
Accrued interest	17			(4)	13
TOTAL	**3,327**			**(9)**	**3,318**

Other movements relating to subordinated debt are due to exchange rate movements on a USD 350 million liability.

Main subordinated debt issues

Issue	Issue date	Amount	Amount at year end	Rate	Maturity
Subordinated notes	07.19.01	€300m	€300m	a	07.19.2013
Subordinated notes	09.30.03	$350m	$350m	b	09.30.2015
Non-voting loan stock	05.28.85	€137m	€137m	c	d
Perpetual subordinated notes	06.30.06	€400m	€400m	e	
Perpetual subordinated notes	06.30.06	€1,100m	€1,100m	f	
Perpetual subordinated notes	12.30.08	€500m	€500m	g	

a) 3-month Euribor + 89.5 basis points.
b) 6-month USD Libor + 55 basis points.
c) Minimum 85% (TAM+TMO)/2 Maximum 130% (TAM+TMO)/2.
d) Repayable at borrower's discretion as from May 28, 1997 at 130% of the face value incremented at the rate of 1.5% for each subsequent year.
e) 6-month Euribor + 167 basis points.
f) 6-month Euribor + 107 basis points for the first ten years, then Euribor + 207 basis points (in the absence of early redemption).
g) Variable 3-month Euribor + 665 basis points.
e), f) and g) Subscribed by the parent companies BFCM and CFCM.

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Note 19: Equity and general banking risks reserve

	Capital	Additional paid-in capital	Reserves [1]	Revaluation reserve	Untaxed provisions	Retained earnings	Net income for the year	Total	General banking risks reserve
Equity at Jan. 1, 2011	**608**	**1,088**	**666**	**44**	**40**	**2,402**	**538**	**5,386**	**379**
Net income for the year							275	275	
Appropriation of prior year earnings			1			537	(538)		
Dividends paid						(332)		(332)	
Capital increase									
Impact of remeasurement									
Other movements					3	(1)		2	
Equity at Dec. 31, 2011	**608**	**1,088**	**667**	**44**	**43**	**2,606**	**275**	**5,331**	**379**
Equity at Jan. 1, 2012	**608**	**1,088**	**667**	**44**	**43**	**2,606**	**275**	**5,331**	**379**
Net income for the year							708	708	
Appropriation of prior year earnings						275	(275)		
Dividends paid						(246)		(246)	
Capital increase									
Impact of remeasurement									
Other movements			1		2	1		4	
Equity at Dec. 31, 2012	**608**	**1,088**	**668**	**44**	**45**	**2,636**	**708**	**5,797**	**379**

(1) At December 31, 2012, reserves comprised the legal reserve for €60 million, the special long-term capital gains reserve for €287 million, retained earnings for €196 million, statutory reserves for €124 million and the special reserve pursuant to Article 238bis AB of the French Tax Code for €1 million.

At December 31, 2012 CIC's capital stock comprised 38,027,493 common stock units with a par value of €16 each.
CIC generated net income of €708,010,986.24.
The stockholders' meeting will be asked to appropriate the amount of €3,343.4 million, comprising the net income of €708.0 million and retained earnings of €2,635.4 million, as follows:

Dividends relating to the 2012 fiscal year	285.2
Appropriation to the legal reserve	0.0
Addition to retained earnings	3,058.2
TOTAL DISTRIBUTABLE AMOUNT	**3,343.4**

Note 20: Breakdown of certain assets/liabilities by residual term

	Within 3 months and on demand	3 months or more, within 1 year	1 year or more, within 5 years	5 years or more	Perpetual	Accrued interest	Total
Assets							
Interbank loans and advances[1]	19,204	4,171	5,279	1,354	944	37	30,989
Customer loans and receivables[2]	7,250	1,774	7,300	16,277	11	86	32,698
Bonds and other fixed-income securities[3]	405	131	1,150	546		9	2,241
Liabilities							
Due to credit institutions	28,143	11,222	9,206	1,408		78	50,057
Due to customers	17,015	3,597	5,869	175		79	26,735
Debt securities							
- Retail certificates of deposit	1	1	47				49
- Interbank instruments and money market securities	6,549	4,590	1,861	125		19	13,144
- Bonds	23	148	916	75		13	1,175
- Other			2				2

(1) Excluding non-performing loans and receivables and provisions for impairment.
(2) Excluding amounts not allocated, non-performing loans and receivables and provisions for impairment.
(3) Concerns exclusively available-for-sale and held-to-maturity securities (excluding non-performing assets).

Note 21: Equivalent value in millions of euros of foreign currency assets

The equivalent value in millions of euros of foreign currency assets and liabilities at December 31, 2012 was, respectively, €25,166 million and €23,987 million.
CIC does not hold any material operational positions in foreign currency.

Note 22: Guarantee commitments given

In connection with the CM11-CIC group's refinancing operations (mortgages and covered securities), certain customer loans granted by CIC form part of the assets given as guarantee for these refinancing operations carried by non-group entities. At December 31, 2012, they amounted to €7,295 million.
The bank obtains refinancing from Caisse de Refinancement de l'Habitat by issuing promissory notes that securitize receivables covered by Article L.313-42 of the French monetary and financial code, which totaled €565 million at December 31, 2012. On the same date, home loans guaranteeing these promissory notes amounted to €1,297 million.

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Note 23: Commitments on forward financial instruments

Transactions in forward financial instruments (based on the concepts of micro/macro-hedging and the management of open positions/specialist management of forward commitments and options)

	Dec. 31, 2012			Dec. 31, 2011		
	Hedging	Position management	Total	Hedging	Position management	Total
Forward commitments						
Organized markets						
- Interest rate contracts		3,219	3,219		2,732	2,732
- Foreign exchange contracts						
- Other commitments		38	38		14	14
Over-the-counter markets						
- Forward rate agreements		9,822	9,822		4,200	4,200
- Interest rate swaps	12,518	226,277	238,795	37,497	252,227	289,724
- Financial swaps	18	33,046	33,064	115	45,202	45,317
- Other commitments	12	164	176	3	174	177
- Swaps – other		305	305		413	413
Options						
Organized markets						
- Interest rate options						
• Purchased		664	664		72	72
• Sold		1,066	1,066		325	325
- Foreign exchange options						
• Purchased					13	13
• Sold					13	13
- Equities and other options						
• Purchased		350	350		122	122
• Sold		922	922		50	50
Over-the-counter markets						
- Interest rate caps and floors						
• Purchased		10,608	10,608	282	15,255	15,537
• Sold	1	11,091	11,092	283	16,247	16,530
- Interest rate, foreign exchange, equity and other options						
• Purchased		9,459	9,459		8,769	8,769
• Sold		8,952	8,952		8,814	8,814
TOTAL	**12,549**	**315,983**	**328,532**	**38,180**	**354,642**	**392,822**

Breakdown of over-the-counter interest rate instruments by portfolio type

Dec. 31, 2012	Isolated open position	Micro-hedging	Global interest rate risk	Specialist management	Total
Forward commitments					
Purchases				6,411	6,411
Sales				3,411	3,411
Swaps	8,710	11,767	751	217,567	238,795
Options					
Purchases	84			10,524	10,608
Sales	87		1	11,004	11,092

Dec. 31, 2011					
Forward commitments					
Purchases				2,104	2,104
Sales				2,096	2,096
Swaps	12,159	36,417	1,079	240,068	289,723
Options					
Purchases	260	282		14,995	15,537
Sales	252	282	1	15,995	16,530

During 2012, transfers totaling €660 million were made from the hedging swaps portfolio to the trading swaps portfolio.

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Note 24: Breakdown of forward instruments by residual term

	Within 1 year	1 year or more, within 5 years	5 years or more	Total
Interest rate instruments				
Organized markets				
- Purchases	2,087	76		2,163
- Sales	1,779	1,007		2,786
Over-the-counter markets				
- Purchases	14,757	1,962	300	17,019
- Sales	11,784	2,381	338	14,503
- Interest rate swaps	184,707	39,811	14,277	238,795
Foreign exchange instruments				
Organized markets				
- Purchases				
- Sales				
Over-the-counter markets				
- Purchases	6,504	1,566		8,070
- Sales	6,550	1,564		8,114
- Financial swaps	11,798	19,815	1,451	33,064
Other forward financial instruments				
Organized markets				
- Purchases	364	2		366
- Sales	939	5		944
Over-the-counter markets				
- Purchases	1,416	78		1,494
- Sales	867	42		909
- Swaps	289	7	9	305
TOTAL	**243,841**	**68,316**	**16,375**	**328,532**

Note 25: Forward financial instruments – Counterparty risk

The counterparty risk related to forward financial instruments is estimated based on the method used for the calculation of prudential ratios.

Credit risks on forward financial instruments	Dec. 31, 2012	Dec. 31, 2011
Gross exposure		
Risks on credit institutions	2,468	3,867
Risks on companies	1,961	1,840
TOTAL	**4,429**	**5,707**

	Dec. 31, 2012		Dec. 31, 2011	
Fair value of forward financial instruments	**Assets**	**Liabilities**	Assets	Liabilities
Fair value of forward financial instruments	4,659	6,805	4,265	6,504

Note 26: Other off-balance sheet commitments

	Dec. 31, 2012	Dec. 31, 2011
Foreign exchange commitments		
Amounts receivable	4,530	2,901
Amounts payable	4,189	2,359
Commitments on forward financial instruments		
Commitments made on organized and similar markets		
Forward foreign exchange commitments		
- Hedging	20,928	28,670
- Other	73,484	79,936
Financial foreign exchange swaps		
- Isolated open position		
- Micro-hedging	18	115
- Global interest rate risk		
- Specialist management	33,046	45,203
Finance leasing commitments		
Remaining lease payments on property finance leases		
Remaining lease payments on equipment finance leases		

Note 27: Interest income and expense

	2012		2011	
	Income	Expense	Income	Expense
Credit institutions	1,673	(2,166)	1,014	(1,347)
Customers	1,068	(412)	1,150	(354)
Finance leases and operating leases				
Bonds and other fixed-income securities	392	(205)	361	(279)
Other	643	(683)	296	(298)
TOTAL	**3,776**	**(3,466)**	**2,821**	**(2,278)**
Including expenses relating to subordinated debt		*(80)*		*(86)*

Note 28: Income from variable-income securities

	2012	2011
Available-for-sale securities		1
Portfolio activity securities		
Equity interests and other long term investments	8	15
Investments in associates	323	390
Income from investments in non-trading real estate companies		
TOTAL	**331**	**406**

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Note 29: Commission income and expense

	2012		2011	
	Income	Expense	Income	Expense
Treasury and interbank activities	3	(2)	1	(2)
Customer transactions	154	(1)	171	(1)
Securities transactions		(8)	0	(12)
Foreign exchange transactions	1	(1)	1	(1)
Off-balance sheet activities				
- Commitments on securities			1	
- Forward financial commitments		(4)		(12)
- Financing commitments and guarantees	2	(1)	3	(2)
Financial services	222	(8)	233	(8)
Means of payment		(75)		(84)
Other commission (including income retroceded)	14	(11)	1	(10)
TOTAL	**396**	**(111)**	**411**	**(132)**

Note 30: Net gains on trading account securities

	2012	2011
On securities held for trading	765	402
On foreign exchange trading	10	29
On forward financial instruments		
- Interest rates	2	(276)
- Foreign exchange	13	18
- On other financial instruments, including equity instruments	(225)	73
Sub-total	**565**	**246**
Additions to impairment provisions on financial instruments		(155)
Reversals from impairment provisions on financial instruments	59	0
TOTAL	**624**	**91**

Note 31: Net gains/(losses) on available-for-sale and similar securities

	2012	2011
Available-for-sale securities		
Gains on disposals	34	31
Losses on disposals	(10)	(11)
Additions to impairment provisions		(63)
Reversals from impairment provisions	62	1
Portfolio activity securities		
Gains on disposals		
Losses on disposals		
Additions to impairment provisions		
Reversals from impairment provisions		
TOTAL	**86**	**(42)**

Note 32: Other banking income and expense

	2012		2011	
	Income	Expense	Income	Expense
Incidental income	1		15	
Transfer of expenses				
Net additions to provisions	23	(14)	75	(1)
Other income and expense relating to banking activities	22	(88)	4	(117)
Net income (expense) from other activities		(1)		(1)
TOTAL	**46**	**(103)**	**94**	**(119)**

Note 33: Payroll costs

	2012	2011
Wages and salaries	(214)	(211)
Payroll taxes	(102)	(93)
Retirement benefit expense	(4)	(3)
Employee profit-sharing and incentive bonuses	(18)	(18)
Payroll-based taxes	(29)	(26)
Net addition to provisions for retirement benefits	(9)	(3)
Other net additions to provisions	(2)	0
TOTAL	**(378)**	**(354)**

Note 34: Net additions to provisions for loan losses

	2012	2011
Additions to non-performing loan impairment provisions	(152)	(178)
Reversals from non-performing loan impairment provisions	222	150
Loan losses covered by impairment provisions	(436)	(74)
Loan losses not covered by impairment provisions	(53)	(56)
Recovery of loans written off in prior years	31	50
Balance of loans	**(388)**	**(108)**
Additions to impairment provisions	(28)	(266)
Reversals from impairment provisions	269	36
Balance of risks	**241**	**(230)**
TOTAL	**(147)**	**(338)**

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Note 35: Net gains/(losses) on disposals of non-current assets

	2012					2011
	Government securities and similar	Bonds and other fixed-income securities	Equity interests and other long-term investments	Investments in associates	Total	Total
On non-current financial assets						
Gains on disposals		17			17	126
Losses on disposals	(31)	(53)		(23)	(107)	(57)
Additions to impairment provisions			(22)	(8)	(30)	(158)
Reversals from impairment provisions			10	4	14	4
Sub-total	**(31)**	**(36)**	**(12)**	**(27)**	**(106)**	**(85)**
On property and equipment and intangible assets						
Gains on disposals						
Losses on disposals					(1)	
Sub-total					**(1)**	
TOTAL					**(107)**	**(85)**

Note 36: Net non-recurring items

	2012	2011
Merger deficit		
Provision		
TOTAL		

Note 37: Corporate income tax

	2012	2011
Current taxes - excluding effect of tax consolidation	(10)	(48)
Current taxes – accruals relating to prior years		(8)
Current taxes – effect of tax consolidation	83	141
TOTAL	**73**	**85**
Relating to operating activities		
Relating to non-recurring items		
TOTAL		

Note 38: Breakdown of income statement items by geographic area

	France	U.S.A.	United Kingdom	Singapore	Total
Net banking income	1,388	109	44	38	1,579
General operating expenses	(612)	(37)	(8)	(31)	(688)
Operating income before provisions	776	72	36	7	891
Net additions to/reversals from provisions for loan losses	(78)	(50)	(17)	(2)	(147)
Operating income after provisions	698	22	19	5	744
Net gains/(losses) on disposals of non-current assets	(106)			(1)	(107)
Income/(loss) before non-recurring items	592	22	19	4	637
Non-recurring items					
Corporate income tax	96	(17)	(5)	(1)	73
Additions to/reversals from untaxed provisions	(2)				(2)
Net income/(loss)	**686**	**5**	**14**	**3**	**708**

Note 38b: Breakdown of income statement items by business segment

	Network	Private banking	Financing	Financial engineering	HQ and holding company services	Total
Net banking income	559	15	926		79	1,579
General operating expenses	(394)	(18)	(209)		(67)	(688)
Operating income/(expense) before provisions	165	(3)	717		12	891
Net additions to/reversals from provisions for loan losses	(20)		(84)		(43)	(147)
Operating income after provisions	145	(3)	633		(31)	744
Net gains/(losses) on disposals of non-current assets			(93)		(14)	(107)
Income/(loss) before non-recurring items	145	(3)	540		(45)	637
Non-recurring items						
Corporate income tax	(52)		(200)		325	73
Additions to/reversals from untaxed provisions					(2)	(2)
Net income/(loss)	**93**	**(3)**	**340**		**278**	**708**

Note 39: Average number of employees

	2012	2011
Banking staff	1,988	2,023
Managerial grade staff	1,855	1,839
TOTAL	**3,843**	**3,862**

Note 40: Total compensation paid to key executives

	Fixed salary	Variable salary	Benefits-in-kind	Sundry adjustments	Total 2012	Total 2011
Key executives	0.6	0.0	0.0	0.0	0.6	1.2

Members of the board of directors did not receive any compensation. No advances or loans were granted to any members of the board of directors during the fiscal year.
In addition, CIC's board of directors, at its meeting on May 19, 2011, decided to make a severance payment to Michel Lucas on the termination of his term of office as chairman and chief executive officer. Said compensation was to be based on performance conditions, representing one year of his compensation as a corporate officer, i.e. a total commitment currently estimated at €770,000 (including social security charges). This expense was recognized in 2012.

Note 41: Earnings per stock unit

At December 31, 2012, CIC's capital stock amounted to €608,439,888, made up of 38,027,493 stock units with a par value of €16 each, including 229,741 treasury stock units which are not taken into account in the calculation of earnings per stock unit. Thus, earnings per stock unit in respect of 2012 totaled €18.73 compared with €7.28 in respect of 2011.

Note 42: Individual rights to staff training

The individual rights to staff training earned by December 31, 2012, as set out in articles L.933-1 to L.933-6 of the French Employment Code, amounted to 364,148 hours.

Investments in subsidiaries and associates at December 31, 2012

Company and address	Capital stock	Equity less capital, excluding 2012 income
Detailed information about investments in French and foreign companies with a gross value representing more than 1% of CIC's capital stock		
A/SUBSIDIARIES (more than 50% of the capital stock owned by CIC)		
A.1 CREDIT INSTITUTIONS		
French subsidiaries		
CIC Ouest - 2 avenue Jean-Claude Bonduelle, 44000 Nantes - Siren 855 801 072	83,780,000	437,085,000
CIC Nord Ouest - 33 avenue Le Corbusier, 59800 Lille - Siren 455 502 096	230,000,000	311,493,000
CIC Est - 31 rue Jean Wenger-Valentin, 67000 Strasbourg - Siren 754 800 712	225,000,000	394,421,000
CIC Banque Transatlantique - 26 avenue Franklin D. Roosevelt, 75008 Paris - Siren 302 695 937	29,371,680	81,201,695
CIC Sud Ouest - 42 cours du Chapeau Rouge, 33000 Bordeaux - Siren 456 204 809	155,300,000	89,626,000
CIC Lyonnaise de Banque - 8 rue de la République, 69001 Lyon - Siren 954 507 976	260,840,262	448,688,000
CM-CIC Epargne Salariale - 12 rue Gaillon, 75002 Paris - Siren 692 020 878	13,524,000	7,750,000
CM-CIC Bail - 12 rue Gaillon, 75002 Paris - Siren 642 017 834	26,187,800	20,111,000
CM-CIC Lease - 48 rue des Petits Champs, 75002 Paris - Siren 332 778 224	64,399,232	37,567,497
CM-CIC Securities - 6 avenue de Provence, 75009 Paris - Siren 467 501 359	19,704,678	12,451,810
Foreign subsidiaries		
Banque de Luxembourg - 14 boulevard Royal L-2449 Luxembourg	104,784,085	567,047,000
Banque CIC Suisse - 11-13 Marktplatz CH4001 Switzerland	CHF 100,000,000	CHF 173,492,000
A.2 OTHERS		
CM-CIC Gestion - 60 rue de la Victoire, 75009 Paris - Siren 319 180 675	1,108,224	6,538,725
CM-CIC Capital Finance - 28 avenue de l'Opéra, 75002 Paris - Siren 562 118 299	1,212,647,450	264,157,065
Adepi - 6 rue Gaillon, 75002 Paris - Siren 331 618 074	244,192,608	490,153,892
CIC Participations - 4 rue Gaillon, 75002 Paris - Siren 349 744 193	8,375,000	(81,203,682)
CIC Associés - 4 rue Gaillon, 75002 Paris - Siren 331 719 708	15,576,000	1,548,925
CIC Migrations - 6 rue Gaillon, 75002 Paris - Siren 395 064 769	37,800	(2,052,280)
B / ASSOCIATES (10% to 50% of the capital stock owned by CIC)		
Groupe Sofemo - 34 rue du Wacken, 67000 Strasbourg - Siren 339 943 680	11,050,000	45,247,000
General information on other subsidiaries and associates		
SUBSIDIARIES		
French subsidiaries		
Foreign subsidiaries		
ASSOCIATES		
French companies		
Foreign companies		

** Net banking income in the case of banks.*

Share of capital held (%)	Carrying amount of securities held Gross	Carrying amount of securities held Net	Advances granted by CIC	Guarantees and securities given by CIC	Revenue excluding taxes for last fiscal year	Net income for last fiscal year	Dividends received in 2012 by CIC
100.00	366,582,576	366,582,576	0		423,451,000	30,566,000	27,437,905
100.00	313,939,528	313,939,528	0		462,662,000	61,772,000	62,674,961
100.00	231,131,411	231,131,411	0		604,338,000	762,226,000	74,474,894
100.00	119,664,583	119,664,583	0		60,801,000	13,942,245	18,464,864
100.00	220,670,380	220,670,380	100,000,000		264,832,000	16,070,000	16,209,412
100.00	341,810,590	341,810,590	0		600,368,000	74,710,000	93,818,163
99.94	31,957,273	31,957,273	0		20,920,000	883,700	765,887
99.22	250,288,057	250,288,057	0		2,248,308,910	(27,648,735)	0
27.88	22,309,854	21,252,176	0		464,012,159	1,955,135	1,570,911
100.00	38,690,048	38,690,048	0		47,169,114	(7,370,189)	0
100.00	902,298,540	902,298,540	0		239,966,000	62,874,000	0
100.00	CHF 308,951,000	CHF 308,951,000	0		CHF 86,167,000	CHF 3,604,000	0
99.99	6,665,810	6,665,810	0		24,678,082	524,936	283,958
99.99	1,662,614,627	1,662,614,627	0		7,102,641	7,145,733	24,770,158
100.00	474,936,885	474,936,885	0		0	47,364,770	0
100.00	40,267,890	0	0		0	34,527,420	0
100.00	19,787,882	17,124,925	0		0	125,434	0
100.00	10,619,034	244,890	0		0	4,894	0
33.30	7,820,000	7,820,000	0		60,693,000	11,786,000	1,207,500
	17,418,657	7,927,766					41,925
	34,875	34,875					0
	14,642,913	14,567,577					866,046
	1,321,600	1,321,600					3,700,000

... Investments in subsidiaries and associates at December 31, 2012

Business and results of subsidiaries and associates

Regional banks[1]

CIC Nord Ouest

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of FTE employees at December 31	2,662	2,706
Total assets	17,947	18,636
Equity attributable to owners of the company including general banking risks reserve	603	604
Customer deposits	12,992	12,309
Customer loans	15,730	15,745
Net income	**62**	**103**

CIC Est

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of FTE employees at December 31	3,361	3,424
Total assets	24,170	24,755
Equity attributable to owners of the company including general banking risks reserve	1,382	694
Customer deposits	15,649	14,434
Customer loans	21,155	20,876
Net income	**762**	**156**

CIC Lyonnaise de Banque

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of FTE employees at December 31	3,658	3,740
Total assets	30,005	30,655
Equity attributable to owners of the company including general banking risks reserve	784	803
Customer deposits	18,396	16,882
Customer loans	22,825	22,742
Net income	**75**	**109**

CIC Sud Ouest

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of FTE employees at December 31	1,679	1,671
Total assets	10,179	10,234
Equity attributable to owners of the company including general banking risks reserve	261	260
Customer deposits	6,362	5,628
Customer loans	8,520	8,097
Net income	16	**47**

CIC Ouest

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of FTE employees at December 31	2,656	2,677
Total assets	18,236	19,604
Equity attributable to owners of the company including general banking risks reserve	551	548
Customer deposits	12,306	11,819
Customer loans	16,728	16,548
Net income	31	**127**

(1) Customer deposits do not include certificates of deposit or repurchase agreements. Customer loans do not include resale agreements but include lease financing transactions.

... Investments in subsidiaries and associates at December 31, 2012

Specialist subsidiaries – Retail banking

CM-CIC Epargne Salariale

(Financial data in € millions)	**2012** **Company – French GAAP**	2011 Company – French GAAP
Number of employees at December 31	125	117
Total assets	83	69
Equity	22	17
Assets under management (excluding current bank accounts)	6,153	5,634
Net income	**0.9**	**5.4**

CM-CIC Bail

(Financial data in € millions)	**2012** **Consolidated***	2011 Consolidated*
Number of employees at December 31	213	194
Total assets**	7,004	6,401
Equity**	412	363
Assets under management (excluding current bank accounts)**	6,176	5,860
Net income**	**27.7**	**11.2**

* CM-CIC Bail, CM-CIC Leasing Benelux and CM-CIC Leasing GMBH.
** Financial information.

CM-CIC Lease

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of employees at December 31	48	51
Total assets	3,452	3,109
Equity	75	80
Assets under management (excluding current bank accounts)	3,187	2,964
Net income	**2.0**	**5.3**

CM-CIC Factor

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of employees at December 31	343	336
Total assets	3,244	2,439
Equity attributable to owners of the company including general banking risks reserve	140	144
Factored receivables	16,283	14,552
Assets under management (excluding current bank accounts)	2,026	1,893
Net income	**4.2**	**9.8**

Specialist subsidiaries – Financing and capital markets

CM-CIC Securities

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of employees at December 31	247	257
Total assets	850	848
Customer assets in custody	16,564	15,233
Net income	**(7.4)**	**0**

... Investments in subsidiaries and associates at December 31, 2012

Specialist subsidiaries – Private banking

CIC Banque Transatlantique[1]

(Financial data in € millions)	2012 Consolidated – IFRS	2011 Consolidated – IFRS
Number of employees at December 31	308	308
Total assets	2,863	2,624
Equity attributable to owners of the company including general banking risks reserve	143	144
Customer funds invested in group savings products	17,114	10,542
Customer deposits	2,254	1,997
Customer loans	1,509	1,403
Net income (consolidated/attributable to owners of the company)	**17.9**	**20.1**

(1) Customer deposits do not include certificates of deposit or repurchase agreements. Customer loans do not include resale agreements but include lease financing transactions.

Banque CIC Suisse

Key figures prepared using local accounting standards (Financial data in CHF millions)	2012 Company	2011 Company
Number of employees at December 31	307	289
Total assets	4,600	4,347
Equity	277	204
Assets in custody	3,225	2,823
Net income	**3.6**	**3.0**

Banque Pasche

Key figures prepared using local accounting standards (Financial data in CHF millions)	2012 Consolidated	2011 Consolidated
Number of employees at December 31	120	136
Total assets	1,108	1,161
Customer capital (assets in custody and deposits)	4,331	4,354
Net income/(loss)	**(15)**	**(17.9)**

Banque de Luxembourg

Key figures prepared using local accounting standards (Financial data in € millions)	2012 Company	2011 Company
Number of employees at December 31	755	762
Total assets	13,720	17,599
Equity including general banking risks reserve*	735	672
Assets in custody and deposits	61,413	54,067
Net income	**62.9**	**57.3**

* Equity includes untaxed provisions.

Dubly-Douilhet SA

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of employees at December 31	31	30
Total assets	73	55
Equity*	10	9
Assets in custody	977	873
Net income	**2.1**	**3.4**

* Equity includes untaxed provisions.

Specialist subsidiaries – Private equity

CM-CIC Capital Finance

(Financial data in € millions)	2012 Company – French GAAP	2011 Company – French GAAP
Number of employees at December 31	26	29
Total assets	1,535	1,540
Equity	1,484	1,502
Portfolio valuation	1,523	1,952
Net income	**7.1**	**28.4**

CM-CIC Investissement

(Financial data in € millions)	2012 Consolidated*	2011 Consolidated*
Number of employees at December 31	60	59
Total assets	1,588	1,547
Equity	1,539	1,496
Portfolio valuation	1,708	1,702
Net income	**41.0**	**65.5**

* CM-CIC Investissement + CM-CIC Conseil + CM-CIC Innovation + Sudinnova.

Statutory Auditors' report on the company financial statements

Year ended December 31, 2012

To the stockholders,

In fulfillment of the assignment entrusted to us by your stockholders' general meeting, we hereby report to you, for the year ended December 31, 2012, on:

- the audit of the accompanying annual financial statements of CIC;
- the justification of our assessments;
- the specific verifications and information required by law.

The annual financial statements have been approved by your board of directors. Our role is to express an opinion on these financial statements based on our audit.

I - Opinion on the annual 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 annual financial statements are free from material misstatement.

An audit includes examining, on a test basis or using other sampling methods, evidence supporting the amounts and disclosures in the annual financial statements. An audit also includes assessing the accounting principles used, the significant estimates made in the preparation of the financial statements and the overall presentation of the financial statements. We believe that the information we have gathered is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the financial statements for the year ended December 31, 2012 give a true and fair view of CIC's assets, liabilities, financial position and of the results of its operations in accordance with French accounting rules and principles.

II - Justification of our assessments

In accordance with the requirements of Article L.823-9 of the French Commercial Code *(Code de commerce)* relating to the justification of our assessments, we bring to your attention the following matters:

- the company uses internal models and methodologies to value positions on certain financial instruments that are not listed on active markets, as well as to recognize certain provisions, as described in note 1 to the financial statements. We examined the control systems applied to the models used, the determination of the inactive nature of the market and the parameters used;
- as stated in notes 1, 4c and 17 to the financial statements, the company recognizes impairment losses and provisions to cover the credit risks inherent to its business. We examined the control systems applicable to the monitoring of credit risk, the assessment of the risk of non-recovery and the coverage of said risks, as regards assets by specific impairment losses and as regards liabilities by general provisions to cover credit risks;
- the company makes other estimates in the usual context of preparing its financial statements, in particular as regards the valuation of equity interests and other long-term investments and the assessment of retirement benefit obligations recognized and provisions for legal and tax risks. We examined the assumptions made and verified that these accounting estimates are based on documented methods in accordance with the principles described in note 1 to the financial statements.

These assessments were made in the context of our audit of the company financial statements taken as a whole and therefore contributed to the formation of our opinion expressed in the first section of this report.

III - Specific verifications and information

We also carried out the specific verifications provided for by law, in accordance with French professional standards.

We have no matters to report as to the fair presentation and consistency with the annual financial statements of the information given in the board of directors' report and in the documents sent to stockholders on the financial position and the company financial statements.

As regards the information provided pursuant to Article L.225-102-1 of the French commercial code on compensation and benefits paid to corporate officers and commitments made in their favor, we verified the consistency of this information with the financial statements or with the data used to draw up the financial statements and, if applicable, with the information received by the company from companies that control it or are controlled by it. On the basis of this work, we certify that this information is accurate and fair.

Pursuant to the law, we satisfied ourselves that the information relating to the acquisition of equity interests and the gaining of control, and the identity of the holders of capital and voting rights, was provided to you in the board of directors' report.

Neuilly-sur-Seine and Paris La Défense, April 19, 2013

The statutory auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr	Olivier Durand

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

General information

Introduction

The purpose of this section of the registration document is to comply with the obligations imposed by Article 225 of the Grenelle II Act of July 12, 2010 and its implementing decree dated April 24, 2012. These laws require publication of information on the employment and environmental impacts of the company's business and on its social commitments in favor of sustainable development.
The information and indicators required by law are discussed below and will be published on CIC's website.

The Crédit Mutuel-CIC group's actions in the field of social and environmental responsibility (SER) are described in the Social and Environmental Responsibility report published by Confédération Nationale du Crédit Mutuel.
*NB: unless otherwise indicated by an *, the comments below apply to the quantitative data provided in the indicator tables below.*

Employment aspects

Staffing levels

As of December 31, 2012, the CIC group had 21,100 employees on the payroll*, who break down as follows:
- banks: 17,893;
- French subsidiaries: 1,527;
- subsidiaries and branches/offices abroad: 1,680.

The total number of employees fell by 280 (- 1.31%), as compared to 2011 (21,380). This variation concerned banks only, which saw overall staffing levels fall by 288 employees (- 1.58%).
French and foreign subsidiaries and branches and offices abroad maintained nearly identical staffing levels, with an increase of four employees each.
The scope used for the indicators below (mainland France) includes 19,175 full-time equivalent (FTE) employees, of whom 97.4% were on permanent contracts. Managerial employees accounted for 56.8% and women for 57.5% of FTE employees.
The ratio between the average of the highest 10% of employee compensation and the average of the lowest 10% of employee compensation is 4.14, with an average gross annual salary of €38,635.
In 2011, the CM11-CIC group's results enabled the group, in 2012, to pay both profit sharing and incentive bonuses. Thus, in the case of CIC entities covered by the single "group" status, 20,494 employees* received a total amount of €66.3 million* in profit sharing and incentive bonuses, i.e., 8.72% of the 2011 payroll, which breaks down as 5.91% in profit sharing and 2.81% in incentive bonuses. CM11-CIC also paid employer contributions totaling €15.6 million* on behalf of employees who made at least one deposit into their group savings plan.
No stock subscription or purchase option plans have been established for CIC executives.

Working time arrangements

CIC applies the 35-hour workweek regime to all its employees (other than executive management), which, in practice, means workweeks ranging from 35 to 39 hours, with compensatory days off granted to employees who work more than 35 hours per week.
Seven percent of employees work part time.
CIC recorded 207,438 days of absenteeism, of which 97.9% were due to illness or maternity leave.

Labor relations*

Several agreements and amendments relating to the entire CM11-CIC group were signed between employees and management. The following agreements and amendments concern CIC entities:
- amendment no. 2 to the CIC single group status agreement adding CM-CIC Factor, which was created as the result of the merger of Factocic and La Violette Financement;
- a three-year agreement (2012-2014 results) on the provisions for calculating and allocating profit sharing and incentive bonuses;
- amendment no. 6 to the agreement on the group savings plan, which increased the potential amount of the employer contribution to €900 for employees who make a deposit of €300;
- amendment no. 7 to the agreement on the group savings plan, which changed its scope to include CM-CIC Factor;
- an agreement on salaries that provided for a general pay increase of 1.4% on January 1, 2013, with a minimum of €500 per year.

Health and safety

Within various group entities, stress prevention actions were carried out and instances of rude customer behavior inventoried.
The following measures were taken within CIC Ile-de-France:
- preparation of a common occupational risk assessment document;
- drafting of an action plan in the event of a pandemic;
- preparation of a work hardship analysis scale;
- hearing assessment days were held (audiometry testing);
- breathing function assessment days were held (spirometry testing).

A total of 109 workplace accidents were reported in all entities included in the indicators, i.e., a rate of 5.6 per thousand.

Training

A total of 13,245 employees participated in at least one training program, for a total of 642,539 hours (excluding self-training using the ATHENA tool).
The training budget (including ATHENA)* totaled €39.4 million, i.e., 5.56% of the total payroll.

Diversity and equality of opportunity/treatment

Negotiations are in progress on gender equality.
At the CIC group level, 31% of managerial employees are women and, within CIC Ile-de France, 50.3% of managerial employees are women. Women account for nearly 65% of promotions to managerial status.
CIC employs 351 employees who identify themselves as disabled.

The entities have undertaken various actions, such as:

- a partnership with the French unemployment office (Pôle Emploi) to subcontract administrative work to companies and workshops that employ disabled workers;
- discussions with the labor unions on the access of disabled persons to positions within the company. Accessibility factors are taken into account when work is undertaken in connection with the remodeling of existing branches or opening new branches.

Promotion of and compliance with the provisions of the ILO's fundamental conventions

The group's entities regularly meet with their employee representative institutions (works councils, health, safety and working conditions committees, employee representatives), except in those entities that, due to their size, are not required to have such institutions.
No corporate officers or directors of the entities within the scope of the indicators have been convicted of the crime of obstructing the functioning of employee representative institutions.
Indicators 65 (forced labor) and 66 (child labor) are not relevant to the scope of this report and are not applicable to CIC's business.
Because it does business essentially in mainland France, the elimination of employment and professional discrimination outside France are of little or no relevance to CIC.

Environmental aspects

General policy on environmental matters

Because their business is in the tertiary sector, the activities of Crédit Mutuel and CIC have limited environmental impacts. Nevertheless, avenues for progress have been identified and improvement objectives have been established: reduction of paper consumption, greater efforts to curb travel and energy consumption (lighting, heat, computers on standby mode, etc.).
The social and environmental responsibility project, which is coordinated and directed by Confédération Nationale du Crédit Mutuel (CNCM), led, in 2006, to the drafting of a national SER report and, more recently, to a reflection on common objectives for reducing greenhouse gas emissions and on implementation tools. This led to the adoption of a common approach for all group entities, including CIC.
In accordance with the requirements of Decree 2011-829 of July 11, 2011, CIC's regional banks performed a greenhouse gas emissions assessment. The information for 2011 was reported and published before December 31, 2012, and the various assessments have led to commitments being made. CNCM will offer guides for employees in 2013.
Currently, the figures for human resources devoted to SER are estimates only due to the highly decentralized nature of the organization.
Environmental risk provisions and guarantees are not applicable to CIC.

Pollution and waste management

Due to the nature of its business, CIC does not discharge pollutants into the water or soil. However, it is concerned by discharges into the air (see greenhouse gas emissions assessment).
Furthermore, waste sorting procedures have been set up at certain sites – primarily for waste packaging (cardboard) and office paper – and an awareness raising document was included with the commercial action plan developed by CIC Ouest.
The requirement to take into account noise pollution and other forms of pollution specific to a business activity is not applicable to CIC.

Sustainable use of resources

Similarly to other businesses in the tertiary sector, CIC uses primarily water, paper and energy in the form of electricity, fuel oil and vehicle fuels.
It endeavors to reduce the consumption thereof in various ways. Over the last several years, efforts have been made to increase the number of videoconferences, encourage scanning of account statements and making them available online, make it a general rule to print documents on both sides of the page, use La Poste's environmentally friendly mailing options and expand the use of LED lamps for lighting. An employee guide on environmentally friendly actions is in preparation.
For example, over 1.8 million* Crédit Mutuel-CIC customers, of which 40%* are CIC customers, have chosen account excerpts and statements that can be viewed online and that replace the paper versions (see also indicators 51 to 75).
CIC's activities do not involve ground use.

Climate change

Decisions have been taken to limit greenhouse gas emissions, as discussed in the previous two sections (see also indicators 31 to 45).

Preservation of biodiversity

Measures to preserve or develop biodiversity are not relevant to CIC's activities.

Social aspects

Geographical, economic and employment impacts of the company's business

CIC's 2,074 retail branches, 1,767* of which are in the various regions, employ 19,175 FTE employees, both in Ile-de-France (3,482) and in the five regional banks that also comprise its network, thereby contributing to maintaining employment. Due to its regional presence, CIC contributes to the economic development of the regions by the financing it provides to self-employed professionals and farmers (€3.6 billion* in loans granted in 2012 by CIC's banking network), to companies (€4.9 billion)* and individuals.
CIC has 87 branches* in rural employment development zones (ZAUER), and is present in urban free trade zones (ZFU), with 22 branches* within such zones or within 500 meters of such zones.

Financing

Over 1,000 zero-interest eco-loans, totaling €19 million, were made. CIC also offers long-term energy saving loans (outstanding loans of €9.2 million) and Scrivener 1 energy saving loans (€25.9 million).
Furthermore, CIC has participated in projects of a "sustainable development" nature, such as a biomass project involving urban heating networks in the Paris area, and financing the tram system of the city of Nottingham in the United Kingdom and photovoltaic equipment in the United States.
CIC's business does not include making microloans to individuals, but it has granted over 500 business microloans totaling €6.5 million in conjunction with the Association for the Right to Economic Initiative (ADIE) and *France Active Garantie*. In addition, it has disbursed nearly 340 complementary loans, totaling €9.9 million, in connection with the NACRE program of France Active Garantie and 1,300 complementary loans in conjunction with the *Initiative France* network.

SRI

CM-CIC Asset Management, an asset management company, has incorporated environmental, social, governance and ethical criteria in its asset management policies, which now apply to over 73% of its assets under management. It has also developed an SRI policy. In particular, the network distributes three funds: CM-CIC Moné ISR, CM-CIC Obli ISR and CM-CIC Actions ISR, which have €2.6 billion in assets under management.

Relationships with persons or organizations with an interest in the company's business

Partnerships have been developed with educational institutions, universities and schools: CIC Nord Ouest with the Catholic University of Lille and EDHEC, CIC Est with ICN, CIC Lyonnaise de Banque with the Catholic University of Lyon, and CIC with the Initiatives foundation (engineering schools in Lille, Nantes and Marseille).
CIC Nord Ouest has also signed a partnership agreement with Arbrisseau, an association that assists people to transition into employment, and with the Lille foundation, which grants scholarships to underprivileged students.
CIC Ouest participated in the creation of the Gene Therapy foundation in the Pays de Loire region and is a member of the Audencia school foundation in Nantes.
Through the Crédit Mutuel foundation, CIC took part in the "Together let's rebuild Haiti" campaign.
Actions undertaken over the past several years, in particular in the cultural field, include the sponsorship by Crédit Mutuel and CIC of the Victoires de la Musique and the Easter Festival in Aix-en-Provence; the sponsorship by CIC of the Hôtel National des Invalides and the Belle-Île-en-Mer Festival; the sponsorship by CIC Lyonnaise de Banque of the International Opera Festival in Aix-en-Provence and the Lyon National Opera; and the sponsorship by CIC Nord Ouest of the "La Piscine" art and industry museum in Roubaix and, in the social sphere, of the Association To Promote Equal Opportunities in Schools (APFEE).
In addition, in 2012, CIC Banque Transatlantique created an endowment fund whose objective is to promote, support and develop public interest actions in the social, cultural, educational, scientific, humanitarian, sports and environmental protection fields.

Quality of service

Customer relations are strengthened by the complementary nature of communication channels available in addition to the branch network (telephone, internet and messaging services). In particular, the practice of communicating via secure messaging (offering an optimal level of confidentiality) and allowing customers, at their initiative, to set appointments directly offer efficient and pertinent new tools, particularly due to the availability of remote banking applications that can be accessed on various smartphone and tablet platforms.
As part of the ongoing quest for service quality, simplification and responsiveness, a new tool for monitoring complaints improves handling thereof. Expansion of electronic document management (EDM), through the *Filbanque* online service, provides customers round-the-clock online access to their various contracts, account statements, etc. (which are stored for ten years). This makes it easier to review these documents while at the same time contributing to CIC's efforts to reduce paper consumption. An electronic safe stores these documents with complete confidentiality and security.

Ombudsman

Customers may request that the CIC ombudsman examine any disputes that come within the scope of his authority and issue a binding opinion. In 2012, when a single address was set up for the group, 1,546 requests (- 16% compared to 2011) were submitted to the ombudsman, 58% of which were within his jurisdiction. 87% of responses were made within a period of less than one month, and 54% were partly or wholly in customers' favor.

Fair operating practices

CIC applies the provisions of the code of ethics common to the CM11-CIC group. This code, which incorporates the good conduct rules with which employees must comply, particularly vis-à-vis customers, is based on compliance with the following general principles:

- serving the best interests of customers;
- complying strictly with the rules of confidentiality;
- carrying out their duties with rigor and professionalism;
- acting at all times with integrity.

Employees who perform "sensitive functions", in particular within capital markets activities, financing and investment, portfolio management and financial analysis, and who are exposed to conflicts of interest or who are in possession of confidential information, are subject to strict rules governing

and, in particular, restricting their personal transactions. Management is required to ensure compliance with these principles, and application thereof is regularly verified by the control departments.
CIC has implemented anti-money laundering and terrorist financing measures that comply with regulatory requirements and are tailored to the risks generated by its various activities, both in France and abroad. These measures comprise a set of procedures and tools that are applied by staff who are specially trained and employed in the detection of suspicious transactions. These measures are themselves subject to internal controls and regular assessment by the supervisory authorities.
In this context, CIC's objective is to comply with regulatory requirements, which consist of:

- having the highest level of knowledge of its customers and their transactions and assessing the money-laundering risks with the aim, where relevant, of avoiding entering into a business relationship with any customer whose identity or activities are ill-defined;
- carrying out monitoring proportional to said risks, based on the origin of the funds deposited and/or the transactions executed on behalf of each customer, in order to detect unusual or atypical transactions;
- strictly complying with embargos and international sanctions adopted by the UN, the European Union and France;
- ensuring compliance with regulatory requirements and internal standards by performing appropriate tests and formalizing such procedures;
- involving all staff in money laundering prevention by means of regular training and awareness initiatives.

The aim of the various components of the control system (periodic, permanent and compliance) is to ensure the consistency of the procedures implemented, their correct application and the coverage of risks. It relies, in particular, on "anti-money laundering" officers who, within each group entity, both in France and abroad, are responsible for the ongoing monitoring of transactions, preparing regulatory reports and contributing by their actions to increased vigilance by all staff.
CIC does not operate in so-called "non-cooperative" countries or territories, the list of which is published on a regular basis by the French government. Transactions that customers may carry out involving countries that the Financial Action Task Force (FATF) identifies as having inadequate provisions in this respect are also subject to reinforced monitoring measures.
With respect to measures taken to increase customers' security, CIC has set up reinforced protection for transactions carried out by customers using *Filbanque*, combining a card with a personal identification number and an additional code that is sent by e-mail or SMS.

Subcontracting and suppliers

A significant proportion of CIC's purchases are made through business centers, such as Euro Information, SOFEDIS and CM-CIC Services. The latter, which is responsible for logistics, incorporates SER aspects into its calls for bids and requests the service providers to report on their SER actions at each business review meeting (generally, every six months).

Human rights

CIC does not engage in any specific actions to promote human rights due to the fact that it conducts its business essentially in mainland France.

Governance aspects

When developing indicators, Crédit Mutuel-CIC chose to include indicators on this aspect, which supplement the "Corporate governance" section (page 38).

Indicators

Methodology

Generating SER indicators is part of a larger process of obtaining information and communicating about the actions of CIC entities and their contributions to society in general. CIC uses a measurement and reporting methodology that was prepared and updated by a national social and environmental responsibility working group that includes the various Crédit Mutuel federations and principal subsidiaries of the CM-CIC group.
This methodology establishes the rules for collecting, calculating and aggregating indicators, determining their scope and deciding on controls to be carried out.
In particular, the process adopted by CIC is based on:
- Article 225 of the Grenelle II Act;
- the NRE Act;
- performing greenhouse gas emissions assessments (Decree 2011-829 of July 11, 2011);
- the Global Compact (the group has been a member since 2004);
- the Global Reporting Initiative, version 3 (GRI 3);
- the transparency code of the French Financial Management Association – Responsible Investment Forum (AFG-FIR);
- the stamp of approval granted by the Inter-Union Employee Savings Plan Committee (CIES);
- regular exchanges with stakeholders.

Reference periods for data collected

Reference periods correspond to the calendar year, with the exception of environmental data, which, in some cases, cover the period from December 1, 2011 to November 30, 2012.

Scopes and principal management rules

Employment indicators

The entities included in the scope are:
- mainland France CIC;
- banks and consolidated French subsidiaries, excluding SNC Saint-Pierre;
- 3 non-consolidated subsidiaries: CM-CIC Conseil, CM-CIC Aidexport and CM-CIC LBO Partners.

Since 2011, data from the Dubly-Douilhet subsidiary have been added.
This scope covers 90.9% of the CIC group's employees.
Employment data are taken from the group's HR information system.
Indicators concerning the workforce are expressed in numbers of employees "registered" on the payroll, except for the indicator on the workforce as of December 31, indicators that break down employee numbers by type of contract, professional category, gender and geographical location, and indicators concerning employees on temporary assignments.
Indicators include employees under all types of employment contracts, including summer workers and service staff not covered by the AFB collective bargaining agreement.

Social indicators

The scope includes the banking network and CIC Banque Transatlantique.
Figures are taken from the group's management control information system, except data on microloans (sources: *France Active Garantie* and *Initiative France* network), data monitored by the savings division of Euro Information Développement (donations made to associations pursuant to interest-paid-to-charity savings accounts (LEA)) and data on the work of the ombudsman taken from the *MEDIAT* tool.
The patronage and sponsorships budget has been calculated by inventorying the budgets of the various entities within the scope.

Environmental indicators

The scope includes:
- mainland France CIC;
- banks and consolidated French subsidiaries, excluding SNC Saint-Pierre.

Data on:
- water and energy use are calculated on the basis of invoices input into the accounts, direct meter readings, figures provided by utilities and estimates made on the basis of statistics provided by the National Water Research Institute and the Pégase database of the Ecology, Sustainable Development and Energy Ministry;
- paper consumption for in-house use: information was provided by SOFEDIS (the group's purchasing platform), CM-CIC Services for photocopying activities, external suppliers, if applicable, and the department in charge of magazine subscriptions for CM-CIC;
- paper consumption for external use: in addition to information provided by SOFEDIS, information was provided by the entities of the group's IT division (Euro Information Production and Euro P3C) and other suppliers;
- travel: the number of kilometers travelled by the automobile fleets and the liters of diesel and gasoline consumed by these fleets were estimated by CM-CIC Services on the basis of fuel payment cards and internal monitoring actions by the fuel-consuming entities;
- number of documents and pages scanned: Euro GDS, a CM-CIC subsidiary that specializes in converting documents into electronic format on an industrial scale, includes in this process physical archiving services of such documents on behalf of the group.

Governance indicators (not required by the Grenelle II Act)

The data provided is for CIC in its capacity as the group's holding company.

2012 SER Report – Employment information

Mainland France CIC (excluding SNC Saint-Pierre)

	Indicators	Mainland France CIC, excluding SNC Saint-Pierre and Dubly Douilhet (2011 SER scope)	Mainland France CIC, excluding SNC Saint-Pierre	Comments
	STAFFING LEVELS			
	Workforce (FTE)* as of 12/31/2012			
1	Total employees	19,144	19,175	
2	*of which, in France*	*19,124*	*19,155*	
3	*of which, abroad*	*20*	*20*	
4	*of which, managerial staff*	*10,872*	*10,893*	
5	*of which, non-managerial staff*	*8,272*	*8,282*	
6	*of which, men*	*8,138*	*8,153*	
7	*of which, women*	*11,006*	*11,022*	
8	Employees under permanent contracts	18,652	18,683	
9	Employees under fixed-term contracts	492	492	
10	Number of employees on outbound temporary assignments	451	451	
11	Number of employees on inbound temporary assignments	30	30	
12	% of employees under permanent contracts	97.43%	97.43%	
	Recruitment			
13	Total new hires	3,404	3,406	
14	*of which, men*	*1,281*	*1,281*	
15	*of which, women*	*2,123*	*2,125*	
16	*of which, under permanent contracts*	*841*	*843*	
17	*of which, under fixed-term contracts*	*2,563*	*2,563*	
18	Any recruitment difficulties			No particular difficulties.
	Dismissals and grounds therefor			
19	Number of employees under permanent and fixed-term contracts who left the organization	3,469	3,469	Including summer workers.
20	*of which, dismissals*	*156*	*156*	
21	Grounds for dismissals			Grounds for dismissals were essentially professional misconduct or deficient work performance.
22	Are there any workforce reduction and job safeguarding plans in existence?	No	No	
23	If yes, number of jobs concerned			
24	If yes, describe placement efforts and support measures adopted			
	External labor - Subcontracting			
25	Total number of hours worked by temporary employees during the year**	104,027	106,731	
26	Number of temporary contracts during the year**	1,616	1,636	
	ORGANIZATION, WORKING HOURS AND ABSENTEEISM			
	Organization of working time (employees under permanent contracts)			
27	Turnover	2.67%	2.67%	Resignations + dismissals + end of probationary periods + termination by mutual agreement/Average monthly workforce.

* Including summer workers and service staff not covered by the AFB collective bargaining agreement.
** Banking network only.

... 2012 SER Report – Employment information

28	**Full time/part time**			
29	Number of full-time employees	18,146	18,177	Individuals.
30	Number of part-time employees	1,372	1,372	Individuals.
31	% of full-time employees	93%	93%	
32	% of part-time employees	7%	7%	
33	**Average weekly working time (hours)**			
34	Full-time employees	35	35	
35	Part-time employees	25.45	25.45	
36	**Overtime**			
37	Number of hours of overtime worked	15,274	15,888	
	Absenteeism and its causes			
38	Total number of days of absence	207,258	207,438	In calendar days.
39	*of which, due to sickness*	*138,724*	*138,774*	
40	*of which, due to workplace accidents*	*4,341*	*4,341*	
41	*of which, due to maternity/paternity leave*	*64,194*	*64,324*	
42	*of which, due to other reasons*	*0*	*0*	
43	Number of occupational illnesses	Not available	Not available	
	Health and safety conditions			
44	Number of lost-time workplace accidents reported	109	109	
45	Health and safety measures implemented and campaigns carried out during the year (including psychological occupational risks, stress, RSIs, etc.)			Within various group entities, stress prevention actions were carried out and instances of rude customer behavior inventoried.
	Training and employability			
46	Amount of payroll spent on training (in euros)	20,514,369	20,558,369	
47	% of payroll spent on training	2.59%	2.59%	
48	Number of employees who have completed at least one training course	13,214	13,245	
49	% of employees receiving training	69.02%	69.07%	
50	Total number of hours spent on employee training	641,869	642,539	
51	Average number of training days per employee	6.9	6.9	
52	Number of work-study programs	258	258	
53	*of which, professional training contracts*	*95*	*95*	
54	*of which, apprenticeship contracts*	*163*	*163*	
55	Amount of apprenticeship tax paid (in euros)	5,588,965	5,602,086	
	EQUAL OPPORTUNITIES			
56	Policies and measures to promote gender equality, employment/transition to employment of persons with disabilities, combat discrimination and promote diversity			Negotiations are in progress on gender equality.
	Gender equality in the workplace			
57	Number of persons on management committees	Not available	Not available	
58	*of which, women*	*Not available*	*Not available*	
59	Number of female managerial staff	3,369	3,377	
60	% of managerial staff who are female	30.99%	30.97%	
61	Number of managerial staff promoted to a more senior position during the year	461	461	
62	*of which, number of women*	*186*	*186*	
63	% of managerial staff promoted who are female	40.35%	40.35%	
	Promotion of and compliance with the provisions of the ILO's fundamental conventions	**Not applicable**	**Not applicable**	
64	Elimination of employment and professional discrimination (outside France)	Not applicable	Not applicable	
65	Elimination of forced or involuntary labor (outside France)	Not applicable	Not applicable	
66	Effective abolition of child labor (outside France)	Not applicable	Not applicable	
67	Number of convictions for the crime of obstructing the functioning of employee representative institutions (in France)	0	0	

	Employment and integration of disabled people			
68	Employment and integration of disabled people	351	351	
69	Number of disabled people recruited during the year	Not available	Not available	Not available.
70	Measures to promote transition into employment of disabled workers			Various actions have been taken by the entities at various levels: a partnership with the French unemployment office to subcontract administrative work to companies and workshops that employ disabled workers. Discussions with the labor unions on how to promote access of disabled persons to positions within the company. Assistance with administrative formalities/granting a day off for these formalities/ subsidies for equipment to facilitate their personal life/ support provided by the bank's social assistance department.
71	% of the total workforce who are disabled	1.83%	1.83%	
72	Amount of compensatory contribution paid to associations that assist disabled persons to transition into employment (in euros)	1,839,778	1,843,197	
	LABOR DIALOGUE			
	Compensation and its progression			
73	Gross payroll (€ millions)	792.6	794.4	Managerial employees, employees and other non-managerial staff, service personnel, including employees on fixed-term contracts.
74	Average gross annual compensation (in euros): all categories of employees	38,607	38,635	Employees under permanent contracts.
75	Average gross annual compensation (in euros): non-managerial employees	27,022	27,022	
76	Average gross annual compensation (in euros): managerial employees	53,733	53,751	
77	Salary scale	4.14	4.14	The ratio between the average of the highest 10% of employee compensation and the average of the lowest 10% of employee compensation.
78	Number of consultations of employee representative institutions (works councils, health, safety and working conditions committees, employee representatives)			Due to their size, certain entities are not required to have employee representative institutions.
79	Number of information procedures conducted with employee representative institutions (works councils, health, safety and working conditions committees, employee representatives)	Not available	Not available	
	Social security charges			
80	Total amount of social security charges paid (€ millions)	529.9	530.8	
	Employee profit sharing and incentive bonuses (application of the provisions of Title IV of Book IV of the French Labor Code)			
81	Gross amount paid (profit sharing + incentive bonuses) (in euros)	63,315,897	63,695,763	
82	Number of employees receiving profit sharing and incentive bonus payments	18,878	18,911	
	Labor relations and collective bargaining agreements			
83	What agreements were signed in 2012? State the dates they were signed and the purpose of the agreements			The agreements signed concern essentially electronic voting for workplace elections.
84	Details of agreements signed in the field of occupational health and safety			No agreements, but injury prevention actions have been taken in areas such as ergonomics, computer screen work and the reduction or elimination of stressful situations.

... 2012 SER Report – Employment information

	Employee welfare - Works council			
85	Contribution to the financing of the works council (€ millions)	12.5	12.5	Including the operating budget.
86	Contribution to the financing of the works council as a percentage of the gross payroll	1.58%	1.58%	
	Employee satisfaction			
87	Are there employee satisfaction surveys or internal measurement procedures in place? If yes, describe.			1. Questionnaire sent to all CIC Est employees to measure their satisfaction with the tools provided them to market the "Theft Protection" range of products and services. 2. Satisfaction questionnaire sent to the employees of the pilot branches where the interactive vocal server was tested.
	AGE PYRAMID[1]			
88	Under 25	1,055	1,055	
89	*of which, women*	*687*	*687*	
90	25 - 29	2,649	2,651	
91	*of which, women*	*1,721*	*1,722*	
92	30 - 34	3,117	3,121	
93	*of which, women*	*1,997*	*1,999*	
94	35 - 39	2,452	2,457	
95	*of which, women*	*1,493*	*1,497*	
96	40 - 44	1,743	1,747	
97	*of which, women*	*932*	*934*	
98	45 - 49	1,968	1,973	
99	*of which, women*	*1,071*	*1,075*	
100	50 - 54	2,595	2,597	
101	*of which, women*	*1,419*	*1,419*	
102	55 - 59	3,235	3,242	
103	*of which, women*	*1,722*	*1,725*	
104	60 and over	704	706	
105	*of which, women*	*298*	*298*	

(1) Individuals.

2012 SER Report – Environmental information

Mainland France CIC (excluding SNC Saint-Pierre)

	Indicators	Quantitative data only	Comments
	CLIMATE CHANGE: GREENHOUSE GAS EMISSIONS / CARBON FOOTPRINT		
1	Organization of the company to take account of environmental issues		Procedure initiated in 2013.
2	Relations with stakeholders/dialogue conditions		Procedure initiated in 2013.
3	Has a carbon footprint assessment or similar evaluation of your greenhouse gas emissions been carried out or is such an assessment planned? Describe: the year it was carried out, scope, methodology used, results, action plan. The indicators below should be described/completed depending on the regulatory methodology		At the end of 2012, each bank in the banking network conducted greenhouse gas emission assessments with respect to 2011.
	RESOURCE CONSUMPTION		
	Water		
4	**Water consumption (m³)**	222,689	
	Energy		
5	**Total energy consumption (kwh)**	173,573,389	
6	*of which, electricity (kWh)*	*138,757,787*	
7	*of which, gas (kWh)*	*22,167,361*	
8	*of which, fuel oil (kWh)*	*5,567,712*	
	of which, heating (kWh)	*7,080,529*	
	Paper		
9	**Paper consumption (metric tons)**	3,766	
10	*of which, paper for in-house use (metric tons)*	*1,050*	
11	*of which, paper for external use (external services: printing, communication, customer statements, etc. (metric tons)*	*2,716*	
12	Purchases/Suppliers % of recycled paper purchased	2.1%	SOFEDIS only.
13	Office supplies Consumption of toner cartridges (number of cartridges purchased)	38,042	
14	Purchases/Suppliers % of recycled toner cartridges purchased	Not significant	
15	Weight of recycled paper	637	Primarily CIC, CIC Est and CIC Nord Ouest.
16	Number of recycled ink cartridges	26,156	
	Travel		
18	Business travel - Air (km)	Not available	
19	Business travel - Train (km)	Not available	
20	Business travel - Automobile fleets (km)	52,840,679	
21	Number of liters of gasoline consumed by the in-house fleet	449,246	
22	Number of liters of diesel consumed by the in-house fleet	2,194,521	
23	Business travel using personal vehicles	12,234,694	
24	Business travel using public transportation - metro/bus/tram	Not available	
25	Business travel using taxis or rental cars	Not available	
26	Home-work commutes - Train (km)	Not available	
27	Home-work commutes - Automobile (km)	Not available	
28	Home-work commutes - Metro (km), bus and tram	Not available	
29	Mail management: shuttle between braches and business centers	Not available	
	Direct emission leaks		
30	Leaks of refrigeration gases from air conditioning equipment (air and water cooled condensers)	Not available	

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	MEASURES TO REDUCE ENVIRONMENTAL IMPACTS AND GREENHOUSE GAS EMISSIONS		
	Emissions avoided		
31	Number of items of videoconferencing equipment	Not available	
32	Number of videoconferences	Not available	
33	Total duration of videoconferences (hours)	Not available	
34	Number of electronic documents and pages	77,627,072	A4 format pages and computer printouts.
35	Number of KWh produced and resold	Not available	
36	Other indirect waste (packaging of purchases, food waste, wastewater, etc., green waste)		Primarily recycling of waste packaging (cardboard) and waste office paper.
	Transportation		
37	Has a corporate travel plan been adopted or is it planned? Describe its scope, objectives, results, etc.		CIC Est has adopted a corporate travel plan that is limited to the head office in Strasbourg Wacken. In 2013, CIC Ouest and CIC Nord Ouest will also adopt such plans.
	Energy		
38	Has a procedure for procuring renewable energy been adopted or is it planned (e.g., purchases of "green electricity")? Describe the scope, extent, etc.		NO
	Waste		
39	What measures were taken in 2012 to reduce the consumption of resources and paper, waste, etc.? Describe the objectives and results, if applicable.		Procedure initiated in 2013: increasing the number of videoconferences, encouraging scanning of account statements and making them available online, making it a general rule to print documents on both sides of the page, using La Poste's environmentally friendly mailing options and expanding the use of LED lamps for lighting.
	Buildings		
40	Has an energy efficiency program for the renovation and/or construction of your buildings been adopted or is it planned? Describe its scope, objectives, results, standards (Thermal Regulation 2012, High Environmental Quality (HQE) standard, energy efficient building (BBC) standard, etc.).		The laws, regulations and standards in force (Thermal Regulation 2005) are applied when retail branches or central buildings are created, transferred or undergo major renovations. For new premises, CIC seeks to meet the requirements for BBC and HQE certification.
	Environmental evaluation/certification		
41	Have you set up an environmental evaluation or certification procedure or an environmental management system (such as ISO 14001)?		NO
	Purchases/suppliers		
42	How do you take environmental factors into account in your purchasing policy? (e.g., incorporation of environmental criteria into calls for bids, suppliers' terms of reference, clauses in specifications).		For the most part, the purchasing policy is implemented by the CM-CIC group's supplier business centers, such as Euro Information, SOFEDIS and CM-CIC Services. The latter, which is responsible for logistics, incorporates SER aspects into its calls for bids and requests the service providers to report on their SER actions at each business review meeting (at least once a year, but generally every six months).
	Employees		
43	Actions taken to inform and train employees on environmental protection		In 2013, CNCM will offer guides for employees of the CM-CIC group. In addition, waste sorting procedures have been set up at certain sites and an awareness raising document was included with the commercial action plan developed by CIC Ouest.
44	Human resources devoted to SER	0.84 FTE	
	Miscellaneous		
45	What measures, if any, have been taken to limit environmental impacts (e.g., protection of the natural environment, discharges into the air, water and soil) and noise pollution, offensive odors and waste?		Waste sorting, soundproofing when air conditioning equipment is installed, and installing thermal insulation.
46	What measures, if any, have been taken to ensure that the company's business activities comply with applicable statutes and regulations in this field?		Compliance with the law.
47	Amount of environmental risk provisions and guarantees	-	

48	Amount of compensation paid during the fiscal year pursuant to court decisions on environmental issues and actions taken to repair damage caused	-	
49	General environmental policy: ground use		Not applicable.
50	What measures are taken to develop and preserve biodiversity?		Not applicable.
	Three-year reduction in greenhouse gas emissions objectives (if greenhouse gas emissions assessment carried out)		
51	Reducing energy consumption		
52	Comments on the objective		
53	Measures taken		
54	Action 1		Information provided to employees on environmentally friendly actions.
55	Action 2		Incorporating energy issues into the design of new branches in compliance with standards in force and at the time older branches are remodeled.
56	Action 3		Use of lighting systems that consume less energy and gradual replacement of standard light bulbs with energy efficient light bulbs.
57	Reducing in-house/external consumption of paper	- 10%	
58	Comments on the objective		
59	Measures taken		
60	Action 1		Encouraging account statements and other documents to be sent electronically to customers.
61	Action 2		Promoting use of the website and expanding the range of services available on the site.
62	Action 3		Encouraging e-mail exchanges with customers.
63	Reducing CO_2 emissions of the automobile fleet		
64	Comments on the objective		-
65	Measures taken		
66	Action 1		When the automobile fleet is renewed, efforts will be made to acquire a less polluting fleet.
67	Action 2		
68	Action 3		
69	Increasing the number of videoconferences		
70	Comments on the objective		
71	Measures taken		
72	Action 1		
73	Action 2		
74	Action 3		
75	Specific objectives (describe)		
	COMMENTS		
76	Do you wish to add anything (comments, another topic to discuss, an example you wish to expand on, etc.)?		

2012 SER Report – Social information

Banking network and CIC Banque Transatlantique

	Indicators	Quantitative data only Banking network and CIC Banque Transatlantique	Comments
	GEOGRAPHICAL, ECONOMIC AND SOCIAL IMPACTS		
	Geographical impact		
5	Number of CIC retail branches	2,074	
6	*other branches*	*1*	CIC Banque Transatlantique.
7	% of retail branches in rural areas	Not significant	Banking network.
8	% of urban free trade zones covered by retail branches	Not significant	Banking network.
9	Number of ATMs	2,476	Banking network.
	MICROLOANS		
	Personal microloans to assist transition into employment (partnerships)		
10	Number of microloans granted during the year	Not available	
11	Average amount of microloans granted (euros)	Not available	
12	Average interest rate charged	Not available	
13	Amount of microloans financed during the year (euros)	Not available	
14	Amount of microloans financed since the start of the business (euros)	Not available	
	Business microloans through intermediaries		
15	**Support for Adie**		
16	Number of applications processed	169	
17	Amount of credit lines provided (euros)	500,000	
18	**Support for France Active Garantie**		National partnership signed at the end of 2011.
19	Number of new microloans financed	357	
20	Amounts guaranteed (euros)	5,567,311	
18	**Support for France Active Garantie: NACRE program**		National partnership signed at the end of 2011.
19	Number of NACRE loans disbursed with a complementary loan from the group	336	
20	Amounts loaned (euros)	9,888,193	
21	**Support for Initiative France**		
22	Number of complementary bank loans granted	1,272	
23	Amount of complementary bank loans granted (euros)	80,000,000	
24	Total number of microloans pursuant to partnership agreements	2,134	
25	Total amount of microloans pursuant to partnership agreements	95,955,504	
	Community-based microloans (excluding partnerships)		
26	Number of community-based microloans granted locally	Not available	In December 2012, CM-CIC Factor signed a partnership agreement with Oséo to facilitate trade receivables financing for microenterprises with less than 10 employees that are located in France, for financing amounts up to €200,000.
27	Amount of community-based microloans granted locally (euros)	Not available	

	SRI		
28	SRI loans outstanding (€ millions)	2,610	The amount of loans outstanding is for the entire CIC group. CM-CIC Asset Management (CM-CIC AM), a Crédit Mutuel-CIC asset management company, has incorporated environmental, social, governance and ethical criteria in its asset management policies. It has also developed an SRI policy. In particular, the network distributes three funds: CM-CIC Moné ISR, CM-CIC Obli ISR and CM-CIC Actions ISR.
	Voting policy		
29	Resolution approval rate	Not applicable	The approval rate at stockholders' meetings in which CM-CIC AM took part in 2012 was 84.7%.
30	Number of stockholders' meetings in which the company took part	Not applicable	In 2012, CM-CIC AM voted at 713 stockholders' meetings. CM-CIC AM's participation rate was 99.9%.
	SOLIDARITY SAVINGS		
	France Emploi mutual fund		
31	Assets under management	Not available	
32	*of which, donated to associations*	*Not available*	
	Interest-paid-to-charity savings accounts (LEA)		
33	LEA outstandings, excluding capitalized interest (euros)	3,390,257	
34	LEA inflow of funds (euros)	1,439,648	
35	Donations made to LEA associations (euros)	39,197	
	Sustainable development savings accounts (LDD)		
36	LDD outstandings (euros)	4,600,211,809	
	Solidarity employee savings plans		
37	Solidarity employee savings plan outstandings (euros)	65,707,924	
38	Amount of solidarity employee savings plans dedicated to ethical investments (€ millions)	Not available	
	Support for persons in difficulty		
39	Have you set up new procedures to detect, prevent or provide support for situations concerning persons in difficulty (persons who have had their banking privileges revoked, victims of the economic crisis, persons who are over-indebted, etc.)?		Not in 2012. We have intake procedures and specific offers.
	Associations		
40	Number of non-profit customers (associations, labor unions, works councils, etc.)	72,573	
41	Deposits from non-profit organizations (€ billions)	6	
42	Loans outstanding to non-profit organizations (€ billions)	1	
	Relations with stakeholders		
43	Do you have specific ties with:		
44	educational institutions, universities and schools		Partnership with the Catholic University of Lille, agreement signed with EDHEC, contribution to the endowment fund of the Nancy Commercial Institute.
45	associations that assist people to transition into employment		For example: CIC Nord Ouest, Arbrisseau association
46	environmental protection associations		
47	consumer associations, etc.		

… 2012 SER Report – Social information

	Patronage and sponsorships		
48	Do you have a corporate foundation or other dedicated structure? In what fields does it operate?		At the level of the CM-CIC group: the Crédit Mutuel foundation, which was created in early 2009, centralizes the various national sponsorship actions: promotion of reading and the French language in all forms through the reading division; combatting economic and social exclusion; setting up independent and viable banking networks in developing countries via the financial support provided to Centre International du Crédit Mutuel (CICM). Various partnerships at the CIC level, such as partnerships with the Lille foundation, which grants scholarships to underprivileged students, the Gene Therapy foundation in the Pays de Loire region and the Audencia school foundation in Nantes. In 2012, CIC Banque Transatlantique created an endowment fund whose objective is to promote, support and develop public interest actions in the social, cultural, educational, scientific, humanitarian, sports and environmental protection fields.
52	Total budget dedicated to patronage and sponsorships (euros)	7,862,513	
53	*of which, social and health projects*	*Not available*	
54	*of which, environmental projects*	*Not available*	
55	*of which, cultural and sports projects*	*Not available*	
56	*of which, economic projects*	*Not available*	
57	What project(s) initiated in 2012 or what significant results do you wish to highlight?		Continuation of actions undertaken over the past several years, in particular in the cultural field, such as the sponsorship by CIC Nord Ouest of the "La Piscine" art and industry museum in Roubaix, the sponsorship by CIC Lyonnaise de Banque of the Lyon National Opera and the International Opera Festival in Aix-en-Provence and, in the social sphere, partnerships such as sponsorship of the Association To Promote Equal Opportunities in Schools (APFEE).
58	Are employees involved in sponsorship projects and, if so, in what forms (e.g., donating employee time and expertise)?		CIC engages in cultural sponsorship actions which provide reduced entry costs to museums and concerts.
	FINANCING OF PROJECTS OF AN ENVIRONMENTAL NATURE		
59	Do you offer specifically environmental products (loans or other products)? Describe (types of products, loans outstanding or amounts committed, etc.)		In addition to zero-interest eco-loans, we offer long-term energy saving loans (outstanding loans: €9.2 million) and Scrivener 1 energy saving loans (outstanding loans: €25.9 million).
60	Have you financed programs or "major projects" of a "sustainable development" nature (such as wind farms, photovoltaic farms, hydroelectric facilities, public transportation)? Describe if applicable (types of products, loans outstanding or amounts committed, etc.)		Yes, in varying ways, depending on the banks. CIC has financed inter alia photovoltaic equipment, transportation and urban heating projects.
	Zero-interest eco-loans		
61	Market share, by volume	Not available	
62	Market share, by value	Not available	
63	Number of loans granted	1,062	
64	Average amount of loans granted (euros)	17,853	

65	Total amount of loans granted (euros)	18,960,346	
66	Eco-loans – Other similar loans	Not available	
	Renewable energy and energy efficiency loans		
67	Amount of LDD funds devoted to loans to individuals for energy efficiency projects	Not available	
68	Amount of loans granted to self-employed professionals and farmers (€ millions)	Not available	
69	Number of projects financed	Not available	
	PRODUCTS AND SERVICES OF A SOCIAL NATURE		
70	Livret A deposits centralized with Caisse des Dépôts	4,481,442,557	
71	Amount of regulated social loans outstanding (PLS, PSLA)	Not available	
72	Describe your key actions in the field of social housing (type of actions, partnerships, equity stakes, etc.)		Key actions include financing by CIC Nord Ouest of about ten social housing programs (OPHLM, SA HLM or HLM cooperatives), in various forms: long-term financing of rental housing, short-term financing for real estate transactions and CDC bridge loans or cash management facilities.
	QUALITY OF SERVICE		
73	Describe the results of any internal or external studies/surveys carried out within your scope		Several banks have conducted "mystery" customer visits in the branches to measure quality of service.
	Ombudsman		
74	Number of claims	1,546	
75	Number of eligible claims	889	
76	Percentage of eligible claims	57.5%	
77	Number of decisions in favor of customers and applied systematically	483	
78	Percentage of decisions in favor of customers and applied systematically	54.3%	
	Fair operating practices		
79	Actions taken to prevent corruption		Plans to centralize purchasing functions and adoption of dedicated ethical rules within CM-CIC Services; an explicit prohibition of gifts of a type and amount inconsistent with ordinary commercial practice; a plan for systematically reporting other gifts; strengthening the ethical code on this particular point.
80	Measures taken to promote customer health and safety		*Carte Avance Santé :* dispenses customers (and employees) from advancing funds for medical care.
	SUBCONTRACTING AND SUPPLIERS		
81	Extent of subcontracting and extent to which social or environmental issues are taken into account in purchasing policies		See the Environmental information section.
	COMMENTS		
82	Do you wish to add anything (comments, another topic to discuss, an example you wish to expand on, etc.)?		
	ECONOMIC IMPACT INDICATORS AVAILABLE IN MANAGEMENT REPORTS		
83	Outstanding loans to customers		
84	- Housing loans	59,743,662,346	
85	- Consumer loans	4,860,776,693	
86	- Equipment loans (microenterprises)	6,704,131	

2012 SER Report – Governance

	Indicators	CIC, the parent company of the CIC group	Notes
	DIRECTORS		
1	Number of members of the board of directors	11	Of which, two represent the employees.
2	*of which, number of women*	*1*	
23	Board of directors' members: What is their average age?	61.8	
24	Board of directors' members: What is their median age?	62.0	
25	What was the overall renewal rate of the board in 2012? (= new members elected out of the total number of members)	9%	
26	What is the attendance rate at board meetings?	84%	
	Training		
55	Number of directors or corporate officers who participated in at least one training program during the year	Not applicable	
56	Total number of hours of training provided	Not applicable	
57	Total training budget (euros)	Not applicable	
	SER / SUSTAINABLE DEVELOPMENT AND STRATEGY		
72	Are SER/sustainable development incorporated into a strategic plan? Is there a dedicated commission/committee in place?	NO	The CIC group participates fully in the Crédit Mutuel group's SER process, which is coordinated by CNCM.

Cross-reference table for information required by Article 225 of the Grenelle II Act

on employment, environmental and social matters

Article R225-105-1 of the French Commercial Code, Decree no. 2012-557 of April 24, 2012

	CIC group indicators included in the SER report
EMPLOYMENT INFORMATION	
a) Employment:	
- total workforce and breakdown of employees by gender, age and geographical area	SO 1 to SO 12
- new hires and dismissals	SO 13 to SO 26
- compensation and its progression	SO 73 to SO 77 and SO 80 to SO 82
b) Working time arrangements:	
- working time arrangements	SO 27 to SO 37
- absenteeism	SO 38 to SO 43
c) Labor relations:	
- organization of labor dialogue, in particular procedures for informing, consulting and negotiating with employees	SO 78, 79 and 87
- review of collective bargaining agreements	SO 83 to SO 86
d) Health and safety:	
- workplace health and safety conditions	SO 45
- review of agreements signed with labor unions or employee representative institutions in the field of workplace health and safety	SO 45
- workplace accidents, in particular the frequency and gravity thereof, as well as occupational illnesses	SO 44
e) Training:	
- training policies adopted	SO 46 to SO 55
- total number of hours of training	SO 50
f) Equality of treatment:	
- measures taken to promote gender equality	SO 56 to SO 63
- measures taken to promote employment or transition to employment of persons with disabilities	SO 68 to SO 72
- anti-discrimination policy	
g) Promotion of and compliance with the provisions of the fundamental conventions of the International Labor Organization on:	
- respect for the freedom of association and the right to collective bargaining	SO 67, 78 and 79
- elimination of employment and professional discrimination	SO 64
- elimination of forced or involuntary labor	SO 65
- effective abolition of child labor	SO 66
ENVIRONMENTAL INFORMATION	
a) General environmental policy:	
- organization of the company to take account of environmental issues and, if applicable, environmental evaluation or certification procedures	ENV 1 to ENV 3 and ENV 40 to 41
- actions taken to train and inform employees on environmental protection	ENV 43
- resources devoted to preventing environmental risks and pollution	ENV 44
- amount of environmental risk provisions and guarantees, provided this information will not seriously prejudice the company in ongoing litigation	ENV 48

SO: see employment information, pages 201 to 204.
ENV: see environmental information, pages 205 to 207.
SOT: see social information, pages 208 to 211.

Indicators not applicable to the CIC group's business activities

... Cross-reference table for information required by Article 225 of the Grenelle II Act on employment, environmental and social matters

	CIC group indicators included in the SER report
b) Pollution and waste management:	
- measures taken to prevent, reduce or remedy discharges into the air, water and soil that have serious environmental consequences	ENV 31 to ENV 38
- prevention, recycling and waste elimination measures	ENV 39
- account taken of noise pollution and other forms of pollution specific to a business activity	ENV 45
c) Sustainable use of resources:	
- water consumption and water supply based on local constraints	ENV 4
- consumption of raw materials and measures taken to improve efficient use thereof	ENV 5 to ENV 8
- energy consumption, measures taken to improve energy efficiency and use of renewable energies	ENV 51 to ENV 75
- ground use	ENV 49
d) Climate change:	
- greenhouse gas emissions	ENV 31 to ENV 45
- adapting to the consequences of climate change	ENV 51 to ENV 75
e) Protection of biodiversity:	
- measures taken to preserve or develop biodiversity	ENV 50
INFORMATION ON SOCIAL COMMITMENTS IN FAVOR OF SUSTAINABLE DEVELOPMENT	
a) Geographical, economic and employment impacts of the company's business:	
- in terms of employment and regional development	SOT 1 to 9 and 59 to 69
- on neighboring or local populations	SOT 10 to 42 and 70 to 78
b) Relationships with persons or organizations with an interest in the company's business, in particular associations that assist people to transition into employment, educational institutions, environmental protection associations, consumer associations and neighboring populations:	
- dialogue conditions with such persons or organizations	SOT 43 to SOT 47
- partnership or sponsorship actions	SOT 48 to SOT 58
c) Subcontracting and suppliers:	
- extent to which social or environmental issues are taken into account in purchasing policies	SOT 81
- extent of subcontracting and extent to which the social and environmental responsibility of suppliers and subcontractors is taken into account in the relationships with them	SOT 81
d) Fair operating practices:	
- actions taken to prevent corruption	SOT 79
- measures taken to promote customer health and safety	SOT 80
e) Other actions undertaken under this section 3 to promote human rights	

SO: see employment information, pages 201 to 204.
ENV: see environmental information, pages 205 to 207.
SOT: see social information, pages 208 to 211.

Indicators not applicable to the CIC group's business activities

Independent verifier's presentation certification and limited assurance report

on employment, environmental and social information

To executive management:

Pursuant to your request and in our capacity as independent verifier of CIC, we hereby report to you on the consolidated employment, environmental and social information presented in the management report issued for the fiscal year ended December 31, 2012 in accordance with the provisions of Article L.225-102-1 of the French Commercial Code, pursuant to a cross-reference from Article L.511-35 of the French Monetary and Financial Code.

Management's responsibility

The board of directors is responsible for preparing a management report that includes the consolidated, employment, environmental and social information required by Article R.225-105-1 of the French Commercial Code (hereinafter "information"), presented in accordance with the frame of reference used by the company ("frame of reference"), which is available at the company's registered office, and a summary of which is provided on page 200 of this registration document ("note on methodology").

Independence and quality control

Our independence is defined by the regulations, the Code of Ethics of our profession and the provisions of Article L.822-11 of the French Commercial Code. Furthermore, we have set up a quality control system that includes documented policies and procedures intended to ensure compliance with ethical rules, professional standards and applicable statutes and regulations.

Independent verifier's responsibility

On the basis of our work, it is our role:
- to certify that the required information is presented in the management report or, if not presented, that an explanation is provided in accordance with Article R.225-105, paragraph 3, of the French Commercial Code and Decree no. 2012-557 of April 24, 2012 (presentation certification);
- to express a limited assurance conclusion that the information presented is accurate, in all material aspects, in accordance with the frame of reference (limited assurance report).

1. Presentation certification

We have performed our work in accordance with the professional standards applicable in France:
- we have compared the information presented in the management report with the list in Article R.225-105-1 of the French Commercial Code;
- we have verified that the information covers the consolidated scope, i.e., the company, its subsidiaries within the meaning of Article L.233-1 and the companies it controls within the meaning of Article L.233-3 of the French Commercial Code, within the limits specified in the note on methodology;
- if certain consolidated information is not provided, we have verified that explanations are provided, in accordance with the provisions of Decree no. 2012-557 of April 24, 2012.

On the basis of our work, we certify that the required information is presented in the management report.

2. Limited assurance report

Nature and scope of work

We performed our work in accordance with International Standard on Assurance Engagements (ISAE) 3000 and the professional guidance applicable in France. We took the measures described below for the purpose of obtaining limited assurance that the information is free of material misstatements that would call its accuracy into question, in all material aspects, in accordance with the frame of reference. A higher level of assurance would have required more extensive verification work.

Our work consisted of the following:
- we assessed whether the frame of reference is appropriate on the basis of its pertinence, completeness, neutrality, clarity and reliability, taking into consideration, where applicable, best practices in the sector.
- we verified that the group had set up a collection, aggregation, processing and control process to ensure the completeness and consistency of the information. We examined the internal control and risk management procedures relevant to the preparation of the information. We interviewed the persons responsible for employment and environmental reporting.
- we selected the consolidated information to be tested[1] and determined the nature and scope of the tests, taking into consideration the extent thereof in light of the employment and environmental consequences of the group's business and characteristics, as well as its social commitments:
  - with respect to the consolidated quantitative information that we deemed the most significant, we applied analytical procedures and verified, on a test basis, the calculation and aggregation of this information;
  - with respect to the consolidated quantitative information that we deemed the most significant, we conducted interviews and reviewed the related source documents to corroborate this information and assess its accuracy. Employment and social information was collected and prepared in a centralized manner at the level of the group's parent company.
- in the case of other consolidated information published, we assessed its accuracy and consistency on the basis of our knowledge of the company and, if necessary, through interviews or by consulting source documents.
- lastly, we assessed the pertinence of explanations provided in the event certain information was not presented.

(1) Workforce, new hires and dismissals; average compensation by socio-professional category; the percentage of payroll dedicated to training; absenteeism; the percentage of female managerial employees. Total energy consumption; paper consumption and the share of recycled paper purchased. Geographical, economic and employment impacts of the company's business activities (number of branches and geographical coverage; microloans; non-profit customers; SRI loans outstanding and regulated social loans).

... Independent verifier's presentation certification and limited assurance report on employment, environmental and social information

Comments on the frame of reference and information

The frame of reference prompts us to make the following comments:

- The frame of reference should be completed to take into account the importance of incorporating environmental, employment and social criteria into the group's business lines, in particular in the policies governing granting of loans.
- The current efforts to structure the reporting process should be continued in order to ensure greater reliability of the information. Particular attention should be paid to the traceability of the information and to information control.
- We draw the reader's attention to the scope restrictions described in the note on methodology. In particular, the employment information published coincides with the scope covered by the GXP information system. The subsidiaries excluded from this scope account for 9.1% of the group's workforce.

Conclusion

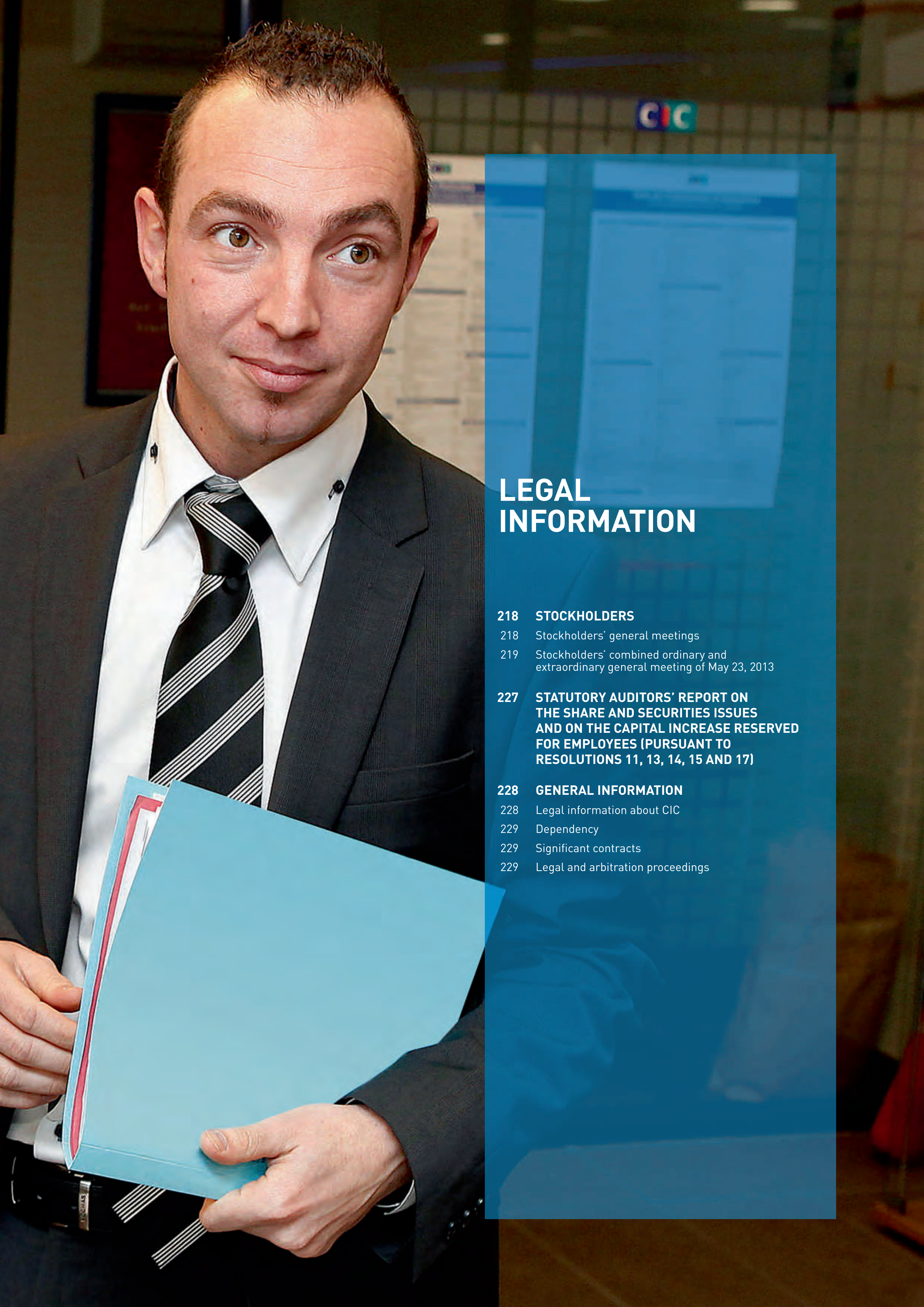
We express a reservation on the following point:

- The internal information reporting and control processes are not sufficiently formalized, which leads to the differences observed in the calculation and reporting methods used by the various entities of the CIC group. This causes a potentially significant uncertainty about consolidated consumption of energy and paper at the CIC group level.

On the basis of our work, and subject to the reservation above, we have discovered no material misstatement that would call into question the fact that the information presented is accurate, in all material aspects, in accordance with the frame of reference.

Paris La Défense, April 19, 2013

The independent verifier
Ernst & Young et Associés
Sustainable Development Department
Éric Duvaud



LEGAL INFORMATION

Stockholders

Stockholders' general meetings

(Summary of Articles 18-24 of the bylaws)

Composition

All stockholders are entitled to attend stockholders' general meetings.
There are no double voting rights.
Except as stipulated in the section below on disclosure thresholds, access to stockholders' general meetings is not restricted and stockholders are not required to hold a minimum number of CIC stock units to exercise the rights conferred upon them by law.
The combined ordinary and extraordinary general meeting of stockholders and holders of voting rights certificates of June 17, 1998:
- authorized stockholders to hold their shares in either bearer or registered form (Article 7 (1) of the bylaws);
- authorized the company to obtain details of identifiable holders of stocks and securities from Euroclear France (Article 7 (3) of the bylaws);
- added mandatory stockholding disclosure thresholds (Article 9 (6) of the bylaws).

Role

Stockholders' general meetings that are duly and properly held represent all stockholders. They may be ordinary or extraordinary if they meet the appropriate conditions.
Stockholders' ordinary general meetings make all decisions other than those that change the capital stock or amend the bylaws, in particular:
- they discuss, approve or adjust the financial statements, including the consolidated financial statements, and decide on the allocation and appropriation of net income;
- they appoint, replace, remove from office or renew the terms of office of directors other than the directors who are elected by employees;
- they appoint or renew the appointments of principal and alternate statutory auditors.

Generally, they examine all proposals on the agenda other than those that are within the powers of stockholders' extraordinary general meetings.
Every year, before the deadline that applies to credit institutions, a stockholders' ordinary general meeting is held to discuss and decide on the annual financial statements and all other documents set forth in French law and regulations that are in force and that apply to CIC.
This general meeting decides after reviewing the reports of the board of directors and the statutory auditors.
Stockholders' extraordinary general meetings examine all the proposals made by the issuer of the convening notice that involve changing the capital stock or amending the bylaws.

Disclosure thresholds

(summary of Article 9 of the bylaws)

In addition to statutory requirements, the bylaws require disclosure of any changes in ownership that result in stockholdings exceeding or falling below 0.5% of the capital stock or any multiple thereof. If a stockholder fails to comply with this requirement, the shares held in excess of the disclosure threshold may be stripped of voting rights for a period of two years following a request noted in the minutes of a general meeting by one or more stockholders holding shares or voting rights at least equal to the smallest proportion of capital stock or voting rights requiring disclosure.

Convening stockholders' general meetings

Stockholders meet every year at ordinary general meetings held in the forms and within the deadlines set forth in French law and regulations in force.

Attending stockholders' general meetings

In order to have the right to attend, vote by mail or be represented at general meetings, holders of bearer stock are required to provide evidence of their capacity as stockholders no later than at midnight on the third working day prior to the general meeting, Paris time, by providing a certificate of participation issued by the relevant authorized intermediary.
Holders of registered stock are required to arrange for their shares to be registered on CIC's registers no later than three days before the date of the stockholders' general meeting.
Stockholders' general meetings may be attended by stockholders or their proxy or proxies if they provide evidence of their capacity and identity. However, if the board of directors considers it appropriate, it may decide to issue named, personal admission tickets to stockholders beforehand, and to require said tickets to be shown.

Voting at stockholders' general meetings

All stockholders may vote by mail after providing evidence of their capacity at least three days before the general meeting by means of the depository providing a certificate showing that their shares are duly registered. The company must receive forms for voting by mail at least three days before the date of the general meeting.
All stockholders may be represented under the conditions set forth in Article L.225-106 of the French Commercial Code *(Code de commerce)*.
Voting by mail means no proxy may be appointed and vice versa. If stockholders vote by mail or appoint a proxy, stockholders may not choose another method of taking part in the stockholders' general meeting.
All members of stockholders' ordinary or extraordinary general meetings have a number of votes that is the same as the number of shares they own or represent, subject to the application of the French law and regulations in force and the provisions of Articles 8 and 9 of the bylaws.
Decisions are adopted under the conditions as regards majorities set forth in French law and are binding on all stockholders.

Appropriation of net income

(Article 27 of the bylaws)

The net income for the fiscal year consists of income in the fiscal year, after deducting general operating expenses and the company's other expenses, including any depreciation, amortization and impairment.
From this net income, less, where applicable, previous losses, at least 5% is drawn to form the legal reserve. This is no longer necessary when the legal reserve amounts to one-tenth of the capital stock.
The balance, after deducting and appropriating the amount of long-term capital gains, increased by retained earnings, constitutes distributable income.
From this distributable income, stockholders' general meetings may draw any sums they consider appropriate for allocation to any optional reserve funds or to retained earnings. The balance, if any, is divided between all the stockholders in proportion to the number of stock units they own.
Dividends are paid on the date set by the stockholders' general meeting or, failing this, on the date set by the board of directors.
Stockholders' general meetings may grant all stockholders the choice between payment of the dividend or interim dividends distributed in cash or payment in shares, in whole or in part.

Stockholders' combined ordinary and extraordinary general meeting of May 23, 2013

Board of directors' report to the stockholders' combined ordinary and extraordinary general meeting of May 23, 2013

We have called this stockholders' combined ordinary and extraordinary general meeting to discuss the matters included on the agenda that are the subject of the resolutions submitted for your approval. A report including details of business developments since the beginning of the current year and prospects for the full year has been made available or provided to you.

Resolutions within the powers of the stockholders' ordinary general meeting

1 - Approval of the financial statements for the fiscal year ended December 31, 2012

(first and second resolutions)
The corporate financial statements of CIC, which were approved by the board of directors at its February 28, 2013 meeting, show net income of €708,010,986.24. The board of directors' report provided with the financial statements gives details of the various elements that make up this income.
CIC's consolidated financial statements show net income of €722 million and net income attributable to owners of the company of €698 million. The related board of directors' report shows how this income was generated and how the group's various businesses and entities contributed to such income.
You have also been given the opportunity to review the report of the chairman of the board of directors regarding the functioning of the board of directors and internal control and the statutory auditors' reports, enclosed with the board of directors' report. We ask you to approve the corporate and consolidated financial statements as presented to you.

2 - Appropriation of net income

(third resolution)
The net income for the fiscal year amounts to €708,010,986.24.
After taking into account positive retained earnings of €2,635,363,096.65, the amount to be allocated by the stockholders' general meeting therefore totals €3,343,374,082.89.
The board of directors proposes that you vote to pay stockholders a dividend of €7.50 per share. The balance would be allocated to the retained earnings account.
The board of directors therefore invites you to:
- distribute a dividend of €285,206,197.50 to 38,027,493 shares in respect of fiscal year 2012;
- allocate the available balance, i.e., €3,058,167,885.39, to the retained earnings account.

The dividend would be paid on May 31, 2013. As provided under the tax regime applicable to distributions, it is specified that the entire dividend distributed is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code *(Code général des impôts)*.
In accordance with the provisions of French law, the stockholders' meeting is reminded that:
- for 2009, a dividend of €160,590,128.85 was distributed, i.e., €4.35 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2010, a dividend of €334,641,938.40 was distributed, i.e., €8.80 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2011, a dividend of €247,178,704.50 was distributed i.e., €6.50 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.

3 - Agreements mentioned in Article L.225-38 of the French Commercial Code

(fourth resolution)
In their special report, the statutory auditors list the regulated agreements governed by Article L.225-38 of the French Commercial Code that were entered into or that remained in effect during 2012 with the board of directors' consent.
You are asked to approve said agreements.

4 - Authorization granted to the board of directors to buy back the company's stock

(fifth resolution)
We ask you to cancel the authorization previously given to the board of directors to trade in CIC stock on the stock exchange with immediate effect and to give it a new authorization for this purpose. It should be stressed that the legal framework for such transactions is set out in EU regulation no. 2273/2003 of December 22, 2003, Articles L.225-209 et seq. of the French Commercial Code, and in Title IV of Book II and Chapter I of Title III of Book IV of the general regulations of the French securities regulator *(Autorité des Marchés Financiers – AMF)*, and in its implementing instructions. Within this framework, CIC wishes to trade on the stock exchange as follows:

- stock will be traded in accordance with the liquidity agreement entered into by CIC with CM-CIC Securities, in the capacity of investment service provider, which is the trader;
- the provisions of this liquidity agreement comply with the code of ethics drawn up by the AMAFI on September 23, 2008 and approved by the AMF;
- stock will be traded freely by the investment service provider with the sole aim of ensuring the liquidity and regular listing of CIC stock on the Paris stock exchange;
- bearing in mind that, according to the regulatory framework, it is only necessary to set a maximum purchase price in order to expressly cap the corresponding commitment, the maximum purchase price will be set at €300;
- the stock held in this context will not be cancelled;
- the maximum number of stock units that may be purchased in this context remains unchanged at 100,000, i.e. 0.26% of the capital stock at the beginning of this stockholders' meeting, it being specified that the maximum commitment that may result from the use of this amount in full, taking into account the price limit set, will be €30 million;
- CIC will provide the AMF with the statistics relating to the trading of this stock every month and with a statement every six months.

For information purposes, as of December 31, 2012, the liquidity grouping created pursuant to the agreement in force held 4,025 CIC shares after purchasing 40,878 shares and selling 55,349 shares in 2012.

5 - Renewal of the terms of office of members of the Board of Directors

(sixth to eighth resolutions)
The terms of office of one-third of the nine members appointed by the stockholders' general meeting of May 19, 2011 or, following a resignation, by the stockholders' general meeting held on May 24, 2012 will expire during this stockholders' general meeting. The directors concerned are:

- Mr. Joseph Arenas;
- Caisse Centrale du Crédit Mutuel;
- Mr. Daniel Leroyer.

It is proposed that the stockholders' general meeting renew each of these terms of office for a period of six years that will expire at the conclusion of the stockholders ordinary general meeting convened to vote on the financial statements for fiscal year 2018.

6 - Appointment of a member of the Board of Directors

(ninth resolution)
It is proposed that the stockholders' general meeting complete the membership of the board by appointing a new director, thereby increasing the number of directors to ten (directors appointed by the stockholders' general meeting). This term of office would expire at the conclusion of the ordinary stockholders' general meeting convened to vote on the financial statements for fiscal year 2018.

Resolutions within the powers of the stockholders' extraordinary general meeting

7 - Amendment to Article 10 of the bylaws

(tenth resolution)
The new bylaws adopted by the stockholders' combined ordinary and extraordinary general meeting of May 19, 2011 contained a clerical error in the first paragraph of Article 10 (VI) (1) (concerning vacant seats on the board of directors).
It is proposed that you correct this clerical error by replacing "less than ten" in said paragraph with the words "less than the minimum specified in the first paragraph of section I", which sets at nine the minimum number of directors to be elected by the stockholders' general meeting.

8 - Delegations of powers to the board of directors for the purpose of carrying out capital increases

(eleventh to seventeenth resolutions)
Pursuant to its tenth to sixteenth resolutions, the stockholders' general meeting of May 19, 2011 delegated to the board of directors the powers necessary to increase capital with or without preemptive subscription rights or to make a public exchange offering. These delegations of powers were valid for a 26-month period and will therefore expire soon. These delegations of powers have not been used. However, as is customary for most listed companies, and in order to facilitate any such transactions, it is proposed that you renew said delegations of powers.
The legal framework for said delegations of powers is provided by Article L.225-129 of the French Commercial Code, which derives from Order no. 2004-604 of June 24, 2004, and which allows stockholders' extraordinary general meetings to delegate their powers with respect to capital increases in accordance with the requirements of Article L.225-129-2 of the same Code. This is what is it is proposed that you do, keeping in mind that:

- the overall cap on any capital increases decided by the board of directors is set at the nominal amount of €150 million, or the equivalent thereof in other currencies or monetary units;
- in addition, if the board of directors were to issue debt securities that confer equity rights, the total nominal amount of such securities would in turn be capped at one billion six hundred million euros;
- the delegations of powers would be granted for a 26-month period from the date of the stockholders' general meeting.

The special reports of the statutory auditors required in such cases have also been made available or provided to you. Seven delegations of powers are proposed.

a) Delegation of powers to the board of directors for the purpose of increasing capital, retaining preemptive subscription rights:

- either by issuing ordinary shares or any securities that confer equity rights, or by capitalizing premiums, reserves, profits, etc.;
- with, if applicable, the board of directors being entitled to limit the issue to the amount of subscriptions received, to freely allocate securities that have not been subscribed or to make a public offering of all or some of the securities that have not been subscribed.

(eleventh resolution).

b) Delegation of powers to the board of directors for the purpose of increasing capital by capitalizing premiums, reserves, profits, etc.:

- the capital may be increased by issuing new shares, increasing the nominal value of the shares, or by a combination of the two procedures;
- rights entitling their holders to fractional shares may not be traded or transferred, and the corresponding shares will be sold.

Pursuant to Article L.225-130 of the French Commercial Code, voting on this resolution shall be subject to the quorum and majority requirements for stockholders' ordinary general meetings.

(twelfth resolution).

c) Delegation of powers to the board of directors for the purpose of increasing capital, canceling preemptive subscription rights:

either by a public offering (thirteenth resolution) or by a private placement, as provided for in Article L.411-2, II of the French Monetary and Financial Code *(fourteenth resolution):*

- by issuing ordinary shares or any securities that confer equity rights;
- with the board of directors being entitled to grant preemptive rights to the stockholders;
- subscriptions may be made for cash, by setoff against receivables, or in consideration for securities tendered pursuant to a public exchange offering made by the company in accordance with Article L.225-148 of the French Commercial Code;
- in the case of a public offering, the issue price may not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%, in accordance with Article 7 of Decree no. 2005-112 of February 10, 2005. Furthermore, this minimum price shall also apply to the sum of the prices of the warrant and the share in the event warrants that confer equity rights are issued independently;
- in the case of a private placement, the issue price of shares issued directly may not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%. Furthermore, this minimum price shall also apply to the sum of the prices of the warrant and the share in the event warrants that confer equity rights are issued independently.

d) Right granted to the board of directors to increase the amount of issues in the event of excess demand:

- on the grounds of Article L.225-135-1 of the French Commercial Code and the regulatory provisions that implement it;
- within thirty days of the close of the initial issue;
- up to 15% of the amount thereof; and
- for the same price.

(fifteenth resolution).

e) Delegation of powers to the board of directors for the purpose of increasing capital in consideration for equity securities or securities that confer equity rights contributed in-kind to CIC:

- on the grounds of Article L.225-147 of the French Commercial Code;
- without preemptive subscriptions rights; and
- up to 10% of the capital stock.

(sixteenth resolution).

f) Authorization granted to the board of directors to carry out a capital increase reserved for employees, canceling preemptive subscriptions rights:

Pursuant to Article L.225-129-6 of the French Commercial Code, all companies are required to submit to their stockholders at a stockholders' extraordinary general meeting a proposed resolution that would authorize a capital increase reserved for employees in accordance with the requirements of Article L.443-5 of the French Labor Code if the stockholders' general meeting delegates its powers on the grounds of Article L.225-129-2. In this respect, it should be noted that as of December 31, 2012, the ACTICIC employee shareholding fund (FCPE) held 66,573 CIC shares representing 0.18% of the capital stock. By adding the registered shares held directly by the group's employees and former employees, their share of CIC's capital stock would total approximately 0.36%.
Therefore, this resolution has been included in the agenda for this meeting in order to comply with the aforementioned provisions. However, this does not mean that the board of directors intends to use said authorization in the event that, despite the recommendation to reject the resolution, it is adopted.
Consequently, on the combined grounds of, firstly, Articles L.225-129-2 and L.225-138 of the French Commercial Code on the powers of stockholders' general meetings with respect to capital increases and, secondly, Articles L.443-1 et seq. of the French Labor Code on employee savings plans, it is proposed that you authorize the board of directors to carry out, at the time and under the terms and conditions it may decide, a capital increase, for cash, reserved for employees.
Such capital increase would be carried out in accordance with the requirements prescribed by the statutes applicable to employee savings plans. In the case of CIC, such savings plan applies at group level.
This authorization would cause the existing shareholders to automatically waive their preemptive subscription rights.
(seventeenth resolution).

The eighteenth resolution concerns powers.

... Stockholders' combined ordinary and extraordinary general meeting of May 23, 2013

Resolutions

Resolutions within the powers of the stockholders' ordinary general meeting

First resolution

Approval of CIC's financial statements for the fiscal year ended December 31, 2012

After reviewing the board of directors' report to the general meeting, its report on CIC's financial statements, the appended report of the chairman of the board of directors regarding the functioning of the board of directors and internal control, the statutory auditors' report, and the annual financial statements for the fiscal year ended December 31, 2012, the stockholders' general meeting approves said annual financial statements as presented to it, which show net income of €708,010,986.24.

Second resolution

Approval of the consolidated financial statements for the fiscal year ended December 31, 2012

After reviewing the board of directors' report to the general meeting, its report on the consolidated financial statements, the appended report of the chairman of the board of directors regarding the functioning of the board of directors and internal control, the statutory auditors' report, and the consolidated financial statements for the fiscal year ended December 31, 2012, the stockholders' general meeting approves said financial statements as presented to it, which show net income attributable to owners of the company of €698 million.

Third resolution

Appropriation of net income

The stockholders' general meeting notes that:
- the company's net income for the fiscal year amounts to: €708,010,986.24;
- retained earnings amount to: €2,635,363,096.65;
- as a result, distributable income amounts to: €3,343,374,082.89;

and decides to allocate this amount as follows:
- dividend for shares in respect of fiscal year 2012: €285,206,197.50;
- remaining balance to be allocated to retained earnings: €3,058,167,885.39.

As a result, the stockholders' general meeting sets the dividend to be paid for each of the 38,027,493 shares at €7.50. However, the dividend that would otherwise be allocated to shares that are not eligible for dividends under French law will be appropriated to retained earnings.
The ex-dividend date will be May 31, 2013.
The entire dividend distributed is eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code.
In accordance with the provisions of French law, the stockholders' general meeting is reminded that:
- for 2009, a dividend of €160,590,128.85 was distributed, representing €4.35 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2010, a dividend of €334,641,938.40 was distributed, representing €8.80 per share eligible for the 40% tax abatement mentioned in point 2 of Article 158 (3) of the French Tax Code;
- for 2011, a dividend of €247,178,704.50 was distributed, representing €6.50 per share eligible for the 40% tax abatement mentioned in points 2 and 3 of Article 158 (3) of the French Tax Code.

Fourth resolution

Agreements mentioned in Article L.225-38 of the French Commercial Code

After reviewing the statutory auditors' special report on the transactions and agreements mentioned in Article L.225-86 of the French Commercial Code, and deliberating on the basis of this report, the stockholders' general meeting approves the transactions and agreements referred to therein.

Fifth resolution

Authorization given to the board of directors to buy back stock in the company

After reviewing the board of directors' report to the stockholders' general meeting, within the scope of EU regulation no. 2273/2003 of December 22, 2003, the provisions of Articles L.225-209 et seq. of the French Commercial Code, and of Title IV of Book II and Chapter I of Title III of Book IV of the AMF General Regulations and its implementing instructions, the stockholders' general meeting authorizes the board of directors, with immediate effect, to trade in stock in the company on the stock exchange under the following conditions:
- stock must be purchased and sold by means of a liquidity agreement entered into with an investment service provider in accordance with the regulations in force;
- these transactions will be carried out by the service provider with the sole aim of ensuring the liquidity and regular listing of stock in the company on the Paris stock exchange;
- the maximum purchase price is set at €300 per share;
- the maximum number of shares that may be purchased is set at 100,000, representing a maximum potential commitment of €30 million;
- stock held in connection with the liquidity agreement will not be cancelled.

This authorization will remain in effect until October 31, 2014 inclusive.
The stockholders' general meeting grants full powers to the board of directors to enter into all agreements, carry out all formalities, and, in general, take all the necessary steps within the aforementioned framework.

Sixth resolution

Renewal of the term of office of Mr. Joseph Arenas

After noting that the term of office as member of the board of directors of Mr. Joseph Arenas will expire at the conclusion of this stockholders' general meeting, the stockholders' general meeting decides to renew said term of office for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2018.

Seventh resolution

Renewal of the term of office of Caisse Centrale du Crédit Mutuel

After noting that the term of office as member of the board of directors of Caisse Centrale du Crédit Mutuel will expire at the conclusion of this stockholders' general meeting, the stockholders' general meeting decides to renew said term of office for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2018.

Eighth resolution

Renewal of the term of office of Mr. Daniel Leroyer

After noting that the term of office as member of the board of directors of Mr. Daniel Leroyer will expire at the conclusion of this stockholders' general meeting, the stockholders' general meeting decides to renew said term of office for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2018.

Ninth resolution

Appointment of a member of the board of directors

The stockholders' general meeting appoints, as of this date, Ms. Monique Leroux as a member of the board of directors. This appointment is made for a period of six years, i.e., until the conclusion of the stockholders' general meeting convened to vote on the financial statements for fiscal year 2018.

Resolutions within the powers of the stockholders' extraordinary general meeting

Tenth resolution

Amendment to Article 10 of the bylaws

To correct a clerical error, the words "less than ten" in the first paragraph of Article 10 (VI) (1) will be replaced by the words "less than the minimum specified in the first paragraph of section I".

Eleventh resolution

Delegation of powers to the board of directors for the purpose of increasing capital by issuing ordinary shares or any securities that confer equity rights, retaining stockholders' preemptive subscription rights

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L.225-129, L.225-129-1, L.225-129-2 et seq., and L.228-92 et seq. of the French Commercial Code, the stockholders' general meeting:

1° Delegates its powers to the board of directors for the purpose of deciding to carry out one or more capital increases, in the amounts, pursuant to the terms and conditions and at the times in its discretion, within the framework established by this resolution, by issuing, in France or abroad, ordinary shares in the company or any securities of any type, including equity warrants issued independently for consideration or free of charge, that immediately or in the future confer the right, by any means, to ordinary shares in the company. Such securities may be denominated in euros, foreign currencies or any monetary unit established with reference to several currencies. Subscriptions for securities may be made for cash or by setoff against receivables.
The issue price of each share shall not be less than its par value.
The powers thus delegated to the board of directors shall be valid for a period of twenty-six months from the date of this meeting.

2° Resolves that the total amount of increases in the corporate capital that may be thus carried out, immediately or in the future, shall not exceed the nominal amount of one hundred fifty million euros (€150,000,000), or the equivalent thereof in any other currency, to which amount shall be added, if applicable, the additional amount of shares to be issued to maintain, in accordance with the law, the rights of holders of securities that confer the right to shares. Any capital increases that may be carried out pursuant to the powers delegated to the board of directors by resolutions 11 to 17 adopted by this stockholders' general meeting shall be included in this limit. In addition, the nominal amount of debt securities that confer equity rights, immediately or in the future, that may be issued pursuant to this delegation of powers shall not exceed one billion six hundred million euros (€1,600,000,000), or the equivalent thereof in any other currency.

3° Resolves that the shareholders shall have, in proportion to the number of shares they hold, a preemptive right to subscribe for the securities issued pursuant to this resolution.
Furthermore, the board of directors shall be entitled to grant shareholders the right to subscribe for a reducible number of securities that exceeds the number to which they are entitled to subscribe on a non-reducible basis, in proportion to the subscription rights they hold and, in any event, up to the limit of their requests.

4° Resolves that if the issue is undersubscribed after the exercise of non-reducible subscription rights and, if applicable, of reducible subscription rights, the board of directors may exercise, in the order that it chooses, any of the powers below:
- limit the issue to the number of subscriptions received, provided such number is at least three-quarters of the issue;
- freely distribute all or some of the securities that were not subscribed;
- offer to the public all or some of the securities that were not subscribed.

5° Acknowledges that, to the extent necessary, this delegation of powers automatically entails, in favor of the holders of securities issued pursuant to this resolution that confer future rights to shares in the company that may be issued, a waiver by the shareholders of their preemptive rights to subscribe for the shares to which such securities entitle their holders.

6° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

The 10th resolution adopted by the stockholders' general meeting of May 19, 2011 is revoked.

... Stockholders' combined ordinary and extraordinary general meeting of May 23, 2013

Twelfth resolution

Delegation of powers to the board of directors for the purpose of increasing capital by capitalizing premiums, reserves, profits or other funds

Applying Article L.225-130 of the French Commercial Code, voting in accordance with the quorum and majority requirements for stockholders' ordinary general meetings, and after having reviewed the board of directors' report, the stockholders' general meeting:

1° Delegates its powers to the board of directors, for a period of 26 months from the date of this stockholders' general meeting, for the purpose of deciding to carry out one or more capital increases by capitalizing premiums, reserves, profits or other funds that may be capitalized in accordance with the law and the bylaws, by granting free shares, increasing the nominal value of existing shares or a combination of these two procedures. However, the total amount of the increases of the corporate capital that may be carried out, increased by the amount necessary to maintain, in accordance with the law, the rights of holders of securities that confer the right to shares, shall not exceed the amount of the reserves, premiums or profits in existence at the time of the capital increase, or exceed a maximum amount of €150,000,000. This limit shall be reduced by the amounts of any capital increases carried out pursuant to resolutions 11 to 17.

2° Resolves that, in the event the board of directors uses this delegation of powers, rights entitling their holders to fractional shares may not be traded or transferred, and the corresponding shares will be sold. Sums generated by such sale will be allocated to the holders of the rights within the time period prescribed by the laws in force.

3° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

Thirteenth resolution

Delegation of powers to the board of directors for the purpose of increasing capital by issuing ordinary shares or any securities that confer equity rights, canceling stockholders' preemptive subscription rights, by means of a public offering

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L.225-129, L.225-129-1, L.225-129-2 et seq., L.225-135, L.225-136 and L.228-92 et seq. of the French Commercial Code, the stockholders' general meeting:

1° Delegates its powers to the board of directors for the purpose of deciding to carry out one or more capital increases, in the amounts, pursuant to the terms and conditions and at the times in its discretion, within the framework established by this resolution, by issuing, in France or abroad, ordinary shares in the company or any securities of any type, including equity warrants issued independently for consideration or free of charge, that immediately or in the future confer the right, by any means, to ordinary shares in the company. Such securities may be denominated in euros, foreign currencies or any monetary unit established with reference to several currencies.
Subscriptions for securities may be made for cash, by setoff against receivables or in consideration for securities tendered pursuant to a public exchange offering made by the company in accordance with Article L.225-148 of the French Commercial Code.
The powers thus delegated to the board of directors shall be valid for a period of twenty-six months from the date of this meeting.

2° Resolves that the total amount of increases in capital stock that may be carried out, immediately or in the future, shall not exceed the nominal amount of one hundred fifty million euros (€150,000,000), or the equivalent thereof in any other currency. Any capital increases that may be carried out pursuant to the powers delegated to the board of directors by resolutions 11 to 17 adopted by this stockholders' general meeting shall be included in this limit. In addition, the nominal amount of debt securities that confer equity rights, immediately or in the future, that may be issued pursuant to this delegation of powers shall not exceed one billion six hundred million euros (€1,600,000,000), or the equivalent thereof in any other currency.

3° Resolves to cancel shareholders' preemptive rights to subscribe for the securities to be issued pursuant to this delegation of powers, and to authorize the board of directors to grant shareholders a priority right to subscribe, on a non-reducible basis and, if applicable, on a reducible basis, for all or part of the issue, during the time and pursuant to the terms and conditions it decides, in compliance with the statutes and regulations in force on the date it decides to use this delegation of powers. This subscription priority shall not create negotiable rights.

4° Resolves that in accordance with Article L.225-136, paragraph 1, of the French Commercial Code:
- the issue price of shares issued directly shall not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%;
- the issue price of securities that confer equity rights and the number of shares for which each security that confers equity rights may be converted shall be such that, for each share issued in consequence of the issue of such securities, the sum received by the company shall be at least equal to the minimum amount defined in the preceding paragraph. In the event equity warrants that immediately or in the future confer equity rights are issued independently, such minimum amount shall apply to the sum of the prices for the warrant and the share.

5° Acknowledges that, to the extent necessary, this delegation of powers automatically entails, in favor of the holders of securities issued pursuant to this resolution that confer future rights to shares in the company that may be issued, a waiver by the shareholders of their preemptive rights to subscribe for the shares to which such securities entitle their holders.

6° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

The 12th resolution adopted by the stockholders' general meeting of May 19, 2011 is revoked.

Fourteenth resolution

Delegation of powers to the board of directors for the purpose of increasing capital by issuing ordinary shares or any securities that confer equity rights, canceling stockholders' preemptive subscription rights, by means of a private placement, as provided for in Article L.411-2, II of the French Monetary and Financial Code

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in accordance with the provisions of Articles L.225-129, L.225-129-1, L.225-129-2 et seq., L.225-135, L.225-136 and L.228-92 et seq. of the French Commercial Code, the stockholders' general meeting:

1° Delegates its powers to the board of directors for the purpose of deciding to carry out one or more capital increases, in the amounts, pursuant to the terms and conditions and at the times in its discretion, within the framework established by this resolution, by issuing, in France or abroad, ordinary shares in the company or any securities of any type, including equity warrants issued independently for consideration or free of charge, that immediately or in the future confer the right, by any means, to ordinary shares in the company. Such securities may be denominated in euros, foreign currencies or any monetary unit established with reference to several currencies. Subscriptions for securities may be made for cash, by setoff against receivables or in consideration for securities tendered pursuant to a public exchange offering made by the company in accordance with Article L.225-148 of the French Commercial Code.
The powers thus delegated to the board of directors shall be valid for a period of twenty-six months from the date of this meeting.

2° Resolves that:
- the total amount of increases in the corporate capital that may be carried out, immediately or in the future, shall not exceed the nominal amount of one hundred fifty million euros (€150,000,000), or the equivalent thereof in any other currency. Any capital increases that may be carried out pursuant to the powers delegated to the board of directors by resolutions 11 to 17 adopted by this stockholders' general meeting shall be included in this limit;
- in addition, the nominal amount of debt securities that confer equity rights, immediately or in the future, that may be issued pursuant to this delegation of powers shall not exceed one billion six hundred million euros (€1,600,000,000), or the equivalent thereof in any other currency;
- in any event, equity securities issued pursuant to this delegation of powers shall not exceed the limits established by the regulations in force on the issue date (as of this date, 20% of capital per year).

3° Resolves to cancel shareholders' preemptive rights to subscribe for the securities to be issued pursuant to this delegation of powers, and to authorize the board of directors to grant shareholders a priority right to subscribe, on a non-reducible basis and, if applicable, on a reducible basis, for all or part of the issue, during the time and pursuant to the terms and conditions it decides, in compliance with the statutes and regulations in force on the date it decides to use this delegation of powers. This subscription priority shall not create negotiable rights.

4° Resolves that in accordance with Article L.225-136, paragraph 1, of the French Commercial Code:
- the issue price of shares issued directly shall not be less than the weighted average share price during the three stock market trading days prior to the decision, less 5%;
- the issue price of securities that confer equity rights and the number of shares for which each security that confers equity rights may be converted shall be such that, for each share issued in consequence of the issue of such securities, the sum received by the company is at least equal to the minimum amount defined in the preceding paragraph. In the event equity warrants that immediately or in the future confer equity rights are issued independently, such minimum amount shall apply to the sum of the prices for the warrant and the share.

5° Acknowledges that, to the extent necessary, this delegation of powers automatically entails, in favor of the holders of securities issued pursuant to this resolution that confer future rights to shares in the company that may be issued, a waiver by the shareholders of their preemptive rights to subscribe for the shares to which such securities entitle their holders.

6° Resolves that this delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

The 13th resolution adopted by the stockholders' general meeting of May 19, 2011 is revoked.

Fifteenth resolution

Right to increase the amount of issues in the event of excess demand

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, and after having reviewed the board of directors' report, the stockholders' general meeting resolves that for each issue decided pursuant to the 11th, 13th and 14th resolutions above, the number of securities to be issued may be increased by the board of directors in accordance with the requirements prescribed by Article L.225-135-1 of the French Commercial Code if it observes that there exists excess demand, within thirty days of the end of the original issue and up to 15% of the amount thereof. The subscription price shall be the same as that for the original issue. However, such increase shall not exceed the overall maximum amount of one hundred fifty million euros (€150,000,000) authorized for all capital increases carried out by the board of directors pursuant to resolutions 11 to 17 adopted by this stockholders' general meeting.

The 14th resolution adopted by the stockholders' general meeting of May 19, 2011 is revoked.

... Stockholders' combined ordinary and extraordinary general meeting of May 23, 2013

Sixteenth resolution

Share issue without preemptive subscription rights in consideration for equity securities or securities that confer equity rights contributed in-kind to CIC

Within the overall maximum amount of one hundred fifty million euros (€150,000,000) applicable to the capital increases authorized by resolutions 11 to 17 adopted by this stockholders' general meeting, and in accordance with the requirements prescribed by Article L.225-147 of the French Commercial Code, the stockholders' general meeting, voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report, delegates to the board of directors, for a period of 26 months from the date of this stockholders' general meeting, its powers to issue ordinary shares, pursuant to the report of the contributions auditor(s), up to a maximum of 10% of the capital stock, in consideration for in-kind contributions to the company in the form of equity securities or securities that confer equity rights. This delegation of powers also authorizes the board of directors to amend the bylaws accordingly.

The 15th resolution adopted by the stockholders' general meeting of May 19, 2011 is revoked.

Seventeenth resolution

Authorization granted to the board of directors to carry out a capital increase reserved for employees, canceling preemptive subscription rights

Voting in accordance with the quorum and majority requirements for stockholders' extraordinary general meetings, after having reviewed the board of directors' report and the statutory auditors' special report, and in application of the provisions of Articles L.225-129-6 and L.225-138 of the French Commercial Code, the extraordinary stockholders' general meeting, considering the foregoing resolutions that authorize the board of directors to carry out possible capital increases, delegates its powers to the board of directors to carry out, on one or more occasions, a capital stock increase, in consideration for cash, reserved for employees and, if applicable, to former employees, retired employees and employees on early retirement of the company and all or some of the companies and groups affiliated with it within the meaning of Article L.225-180 of the French Commercial Code, who are members of a company or group employee savings plan, which shall be carried out in accordance with the provisions of Article L.443-5 of the French Labor Code. This authorization automatically entails a waiver by the shareholders of their preemptive rights to subscribe for any capital increase that may be carried out.

The stockholders' general meeting grants all powers to the board of directors, with the right to sub-delegate its powers within legal limits, for the purpose of inter alia:

1° determining the amount of the issue;

2° setting the subscription price of the new shares in accordance with the requirements prescribed by Article L.443-5 of the French Labor Code;

3° deciding all terms and conditions and procedures of the capital increase(s) to be carried out and, in particular, to:

- determine the company or companies whose employees and former employees may subscribe for shares;
- set the length of service conditions to be met by the subscribers and the time within which the shares to be issued must be paid;
- deciding whether subscriptions may be made via a company mutual fund or directly for the benefit of the beneficiaries;
- determining the duration of the subscription period, the date on which the new shares acquire dividend rights and, in general, any other condition or procedure it may deem necessary;
- setting off the costs of the capital increase against the issue premium and deducting from such premium the sums necessary to fund the legal reserve by an amount equal to one-tenth of the new capital;
- lastly, carrying out all acts and formalities required in connection with the capital increase, certifying completion of the capital increase, requesting that the shares issued be admitted to trading on a regulated market, amending the bylaws accordingly, and taking all necessary actions.

This capital increase shall be included within the overall limit of one hundred and fifty million euros (€150,000,000) applicable to capital increases carried out by the board of directors pursuant to resolutions 11 to 17 adopted by this stockholders' general meeting.

This delegation of powers is granted for a period of 26 months from the date of this stockholders' general meeting.

The 16th resolution adopted by the stockholders' general meeting of May 19, 2011 is revoked.

Resolution common to the stockholders' ordinary and extraordinary general meetings

Eighteenth resolution

Powers

The stockholders' general meeting gives full powers to the bearer of a copy or excerpt of the minutes of this meeting to carry out all legal and administrative formalities and make all filings and publications prescribed by the laws in force.

Statutory Auditors' report on the share and securities issues

and on the capital increase reserved for employees (pursuant to resolutions 11, 13, 14, 15 and 17)

To the stockholders:

In our capacity as your company's statutory auditors and in accordance with statutory provisions, we hereby report to you on the various transactions on which you are requested to vote.

1. Issues of shares and various securities, retaining or cancelling preemptive subscription rights (eleventh, thirteenth, fourteenth, fifteenth and seventeenth resolutions)

In our capacity as your company's statutory auditors, and in performance of the work prescribed by Articles L.228-92 and L.225-135 et seq. of the French Commercial Code, we hereby report to you on the proposals to delegate to the board of directors the power to carry out various issues of ordinary shares or any other securities – transactions on which you are requested to vote.

On the basis of its report, your board of directors proposes that you delegate to it, for a period of 26 months, the powers to decide to carry out the following transactions and to set the final terms and conditions of such issues, and proposes that you authorize it, if necessary, to cancel your preemptive subscription rights:

- issuing ordinary shares or any securities that immediately or in the future confer rights to the company's capital, retaining stockholders' preemptive subscription rights (eleventh resolution);
- issuing ordinary shares or any securities that immediately or in the future confer rights to the company's capital, cancelling stockholders' preemptive subscription rights, by means of public offerings, with the board of directors having the right to grant priority rights to the stockholders. Such securities may be issued in consideration for securities tendered to the company pursuant to a public exchange offering that complies with the requirements of Article L.225-148 of the French Commercial Code (thirteenth resolution);
- issuing ordinary shares or any securities that immediately or in the future confer rights to the company's capital, cancelling stockholders' preemptive subscription rights, by means of the offers referred to in Article L.411-2, II of the French Monetary and Financial Code, up to a maximum of 20% of the capital stock per year (fourteenth resolution).

The total nominal amount of capital increases that may be carried out, immediately or in the future, pursuant to each of the eleventh, thirteenth and fourteenth resolutions may not exceed the nominal amount of €150 million. Furthermore, all capital increases that may be carried out pursuant to the eleventh to seventeenth resolutions will be included in this limit.

The maximum amount of debt securities issued pursuant to the eleventh, thirteenth and fourteenth resolutions will be €1.6 billion.

These maximum amounts include the number of additional securities to be created if the delegations of powers granted by the eleventh, thirteenth and fourteenth resolutions are used in accordance with the requirements of Article L.225-135-1 of the French Commercial Code, if you adopt the fifteenth resolution.

The board of directors is required to prepare a report in accordance with Articles R.225-113 et seq. of the French Commercial Code. We are required to give our opinion on the accuracy of the figures taken from the financial statements, on the proposal to cancel preemptive subscription rights and on certain other information about these transactions included in such report.

We have performed the work that we deemed necessary in accordance with the professional guidance of the French Statutory Auditors' Association *(Compagnie nationale des commissaires aux comptes)* regarding this type of assignment. This work consisted of verifying the content of the board of directors' report on these transactions and the methods for determining the issue price of the securities to be issued.

Subject to a subsequent review of the terms and conditions of the issues that may be decided, we have no observations to make on the methods for determining the issue price of equity securities to be issued pursuant to the thirteenth and fourteenth resolutions, as described in the board of directors' report.

However, that report does not describe the methods for determining the issue price of equity securities to be issued pursuant to the eleventh resolution and, therefore we are unable to give our opinion on the choice of criteria used to calculate the issue price.

Because the final terms and conditions pursuant to which the issues will be made have not been determined, we do not express an opinion thereon and, consequently, on the proposal to cancel preemptive subscription rights that is made to you in the thirteenth and fourteenth resolutions.

In accordance with Article R.225-116 of the French Commercial Code, we will, if applicable, prepare an additional report in the event your board of directors uses these delegations of powers to issue securities that confer equity rights and to issue securities canceling preemptive subscription rights.

2. Capital increase, canceling preemptive subscription rights, reserved for employees or former employees who are members of an employee savings plan (seventeenth resolution)

In our capacity as statutory auditors, and in performance of the work prescribed by Articles L.225-135 et seq. of the French Commercial Code, we hereby report to you on the proposal to increase capital by issuing ordinary shares, and canceling preemptive subscription rights, for an amount to be included in the overall maximum nominal amount of €150 million applicable to capital increases carried out by the board of directors pursuant to the eleventh to seventeenth resolutions adopted by this stockholders' general meeting. This capital increase would be reserved for employees and, if applicable, to former employees, retired employees and employees on early retirement of the company and all or some of the companies and groups affiliated with it within the meaning of Article L.225-180 of the French Commercial Code, who are members of a company or group employee savings plan – a transaction on which you are requested to vote.

This capital increase is subject to your approval, as required by the provisions of Article L.225-129-6 of the French Commercial Code and Articles L.3332-18 et seq. of the French Labor Code.

... Statutory auditors' report on the share and securities issues and on the capital increase reserved for employees (pursuant to resolutions 11, 13, 14, 15 and 17)

On the basis of its report, your board of directors proposes that you delegate to it, for a period of 26 months, the powers to set the terms and conditions of this transaction and to cancel your preemptive rights to subscribe for the shares to be issued.
The board of directors is required to prepare a report in accordance with Articles R.225-113 and R.225-114 of the French Commercial Code. We are required to give our opinion on the accuracy of the figures taken from the financial statements, on the proposal to cancel preemptive subscription rights and on certain other information about the issue included in such report.
We have performed the work that we deemed necessary in accordance with the professional guidance of the French Statutory Auditors' Association regarding this type of assignment. This work consisted of verifying the content of the board of directors' report on this transaction and the methods for determining the issue price of the shares.

Subject to a subsequent review of the terms and conditions of the proposed capital increase, we have no observations to make on the methods for determining the issue price of the ordinary shares to be issued, as described in the board of directors' report.
Because the final terms and conditions of the capital increase have not been determined, we do not express an opinion thereon and, consequently, on the proposal made to you to cancel preemptive subscription rights.
In accordance with Article R.225-116 of the French Commercial Code, we will prepare an additional report in the event your board of directors uses this delegation of powers.

Neuilly-sur-Seine and Paris La Défense, April 19, 2013

The statutory auditors

PricewaterhouseCoopers Audit	Ernst & Young et Autres
Agnès Hussherr	Olivier Durand

General information

Legal information about CIC

(See also the "Presentation of CIC" and "Corporate governance" sections)

Name and registered office

The company's name is:
Crédit Industriel et Commercial
Abbreviated to: **CIC**
This abbreviation can be used on its own.
Its registered office is located at:
6 avenue de Provence - 75009 Paris
Telephone: +33 1 45 96 96 96.

Applicable legislation and legal form

Bank organized as a French *société anonyme* (corporation) governed by the statutes and regulations in force and, in particular, by the provisions of the French Commercial Code regulating *sociétés anonymes* and the provisions of the French Monetary and Financial Code.

Company governed by French law

Incorporation date and expiration date
The company was incorporated on May 7, 1859. Its term will expire on December 31, 2067, unless it is dissolved or its term is extended before that date.

Purpose (summary of Article 5 of the bylaws)

The purpose of the company in France or abroad is in particular:
- to carry out all banking operations and related operations;
- to provide all investment services and related services;
- insurance broking in all businesses;
- realtor activity;
- all professional training activities relating to the above matters;
- to acquire, hold and manage interests in all banking, financial, real estate, industrial and commercial companies in France or abroad.

Registration number and APE business identifier code

Paris Trade and Companies Registry no. 542 016 381
Business identifier code: 6419Z (other financial brokerage activities).

Legal documents relating to the company

The company's bylaws, minutes of stockholders' general meetings and reports can be consulted at the registered office located at 6 avenue de Provence - 75009 Paris (Corporate Secretary's office).

Fiscal year

January 1 to December 31.

Dependency

CIC is not dependent on any patents, licenses or industrial, commercial or financial supply agreements for the conduct of its business.

Material contracts

As of the date hereof, CIC has not entered into any material contracts, other than those entered into during the normal course of its business, that create an obligation or a commitment that would have negative consequences for the group as a whole.

Legal and arbitration proceedings

The French antitrust authorities *(Autorité de la concurrence)* have started an investigation into the main banks in the French banking sector, aimed at ensuring that all inter-banking fees and commissions, in particular those applicable to direct debits, payments using interbank remittance slips (the "TIP" system) and online banking transactions, comply with antitrust laws.

In order to avoid any legal action, the banks have proposed a procedure of undertakings that would abolish all the inter-banking fees and commissions involved in the medium term. The French antitrust authorities have approved these undertakings, subject to the sole condition that an expert economic assessment be conducted of certain ancillary fees and commissions, whose economic impact can be considered to be low. Therefore, it can be concluded that the risk of litigation involving significant amounts has been avoided at this time.

Furthermore, it should be noted that multilateral interchange fees and commissions may be replaced by bilateral or unilateral fees and commissions. It is therefore too early to say what the final outcome of this investigation will be.

There are no other pending or threatened government, judicial or arbitration proceedings, including any proceeding of which the company is aware, that may have or has had, during the past 12 months, material impacts on the financial position or profitability of the company and/or group.

ADDITIONAL INFORMATION

Documents on display

(see also "Legal information about CIC")

This registration document is available on CIC's website (cic.fr) and on the website of the AMF *(Autorité des Marchés Financiers,* the French securities regulator). During the time it remains valid, this shall also be the case for all the reports and background financial information (see below, "Financial communication").

Anyone who wishes to obtain further information about CIC may, without making any commitment, request documents:

- by mail: CIC, External Relations *(Relations extérieures),* 6 avenue de Provence - 75009 Paris
- by email: relationsexterieures@cic.fr

The documents of incorporation, the bylaws, minutes of general meetings and reports may be consulted at CIC's registered office: 6 avenue de Provence - 75009 Paris (Corporate Secretary's office).

Financial communication

The board of directors of CIC plans to approve the financial statements for the first half of 2013 on July 31. A press release will be published at this time in the financial press. Approval of the financial statements for 2013 is expected to take place in February 2014.

The board of directors organizes annual meetings with the press and specialist banking sector financial analysts in order to present the group's results and to respond to their questions. These results are then reported and commented on in the specialist press and the national daily newspapers.

Every six months CIC produces a newsletter for its individual stockholders. With a print run of 23,000 it is distributed widely, notably among employee stockholders, including those who have chosen to contribute their stocks to a collective employee investment fund. Persons wishing to receive this newsletter can request it by calling +33 1 45 96 77 40.

Stockholders are thus regularly informed of the company's results and significant events affecting or involving it.

CIC's website (www.cic.fr) carries all the group's publications under the headings "institutional" and "stockholders and investors". The latter section contains all the financial information: publications such as the letter to CIC stockholders and the annual information document, financial calendar, regulatory information required by the Transparency Directive, issuance programs required by the Prospectus Directive, exposure to sovereign debt, stock prices and volumes, and the group's ratings by rating agencies.

The regulatory information and the issuance programs are also available online, from the AMF's website (www.amf-france.org) under the heading "Decisions and disclosures", subheading "Search", then "Prospectuses and disclosures."

Person responsible for the registration document

Person with overall responsibility for the registration document

Mr. Michel Lucas, chairman and chief executive officer.

Declaration by the person responsible for the registration document

I hereby declare that, having taken all reasonable care to ensure that such is the case, the information contained in the registration document is, to the best of my knowledge, in accordance with the facts and no omission likely to affect its import has been made.

I further declare that, to the best of my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and give a true and fair view of the assets and liabilities, financial position and results of the company and of the entities in the consolidation scope taken as a whole, and that the board of directors' report provided in the "Financial information" section (pages 66-101 for the consolidated financial statements and page 155 for the company financial statements) provides a true and fair view of the development and performance of the business, the results and financial position of the company and the entities in the consolidation scope taken as a whole as well as a description of the main risks and uncertainties that they face.

I obtained a statement from the statutory auditors at the end of their assignment, in which they state they had verified the information relating to the financial position and the financial statements set out in this document, and had read the entire document.

The consolidated financial statements for the fiscal year ended December 31, 2012 presented in this document are the subject of a report prepared by the statutory auditors, which appears on page 154, and which contains an observation.

The statutory auditors have prepared a report on the annual financial statements for the fiscal year ended December 31, 2010 presented in the registration document filed with the AMF under no. D.11-0362 and updated under no. D.11-0362-A01, which appears on page 189 of this document; this report contains an observation.

Paris, April 19, 2013

Michel Lucas
Chairman and chief executive officer

Statutory auditors

The statutory auditors, PricewaterhouseCoopers Audit and Ernst & Young et Autres, are members of the French Regional Institute of Accountants of Versailles.

Principal statutory auditors

Name: PricewaterhouseCoopers Audit
Address: 63 rue de Villiers – 92208 Neuilly-sur-Seine Cedex
Represented by Agnès Hussherr
First term of office began on: May 25, 1988
Length of current term of office: six years from May 24, 2012.
This term of office expires at the close of the stockholders' general meeting called to approve the financial statements for the year ending December 31, 2017.

Name: Ernst & Young et Autres
Address: Tour First – 1 place des Saisons – 92400 Courbevoie
Represented by Olivier Durand
First term of office began on: May 26, 1999
Length of current term of office: six years from May 19, 2011.
This term of office expires at the close of the stockholders' general meeting called to approve the financial statements for the year ending December 31, 2016.

Alternate statutory auditors

Étienne Boris, Picarle & Associés.

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... Cross-reference table

Cross-reference table containing the information required in the annual financial report referred to in Section I of Article L.451-1-2d of the French Monetary and Financial Code and in Article 222-3 of the AMF General Regulations

In accordance with Article 28 of European Regulation no. 809-2004 on prospectuses and Article 212-11 of the AMF's General Regulations, the following are incorporated by reference:

- the annual and consolidated financial statements, as well as the group management report for the fiscal year ended December 31, 2011 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2011, which are presented, respectively, on pages 151 to 189 and 65 to 149 and on pages 190 and 150 of registration document D.12-0377 filed with the AMF on April 20, 2012;
- the annual and consolidated financial statements, as well as the group management report for the fiscal year ended December 31, 2010 and the statutory auditors' reports on the annual and consolidated financial statements as of December 31, 2010, which are presented, respectively, on pages 132 to 172 and 64 to 131 and on pages 189 and 181 of registration document D.11-0362 filed with the AMF on April 26, 2011.

The chapters of registration documents D.12-0377 and D.11-0362 not referred to above are either not relevant for the investor, or are covered elsewhere in this registration document.

Website: **www.cic.fr**

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